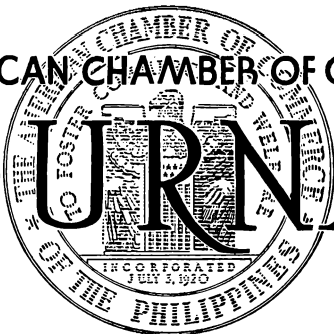


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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Editor and Manager

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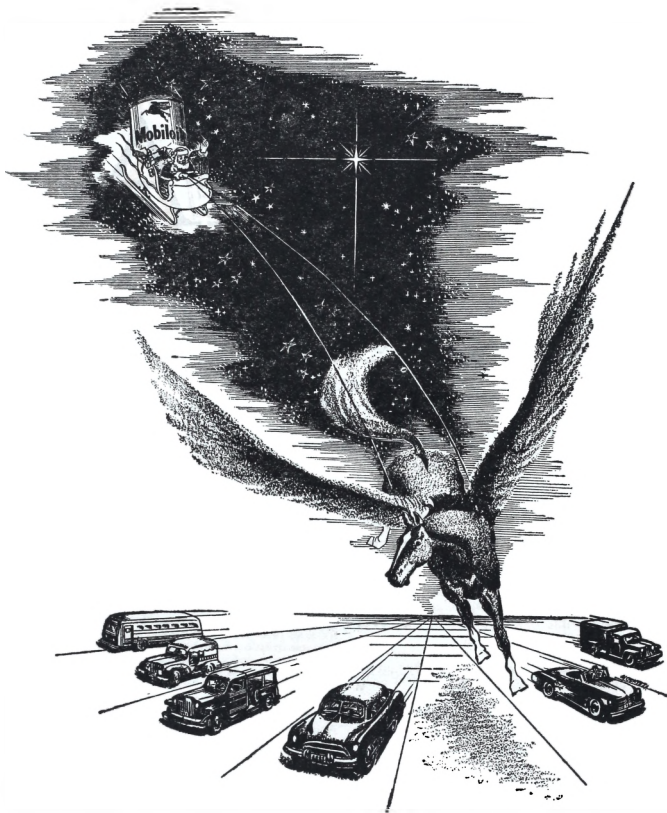
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Season's
Greetings

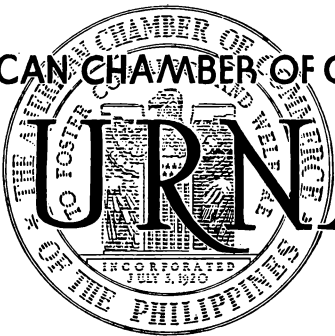


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THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

One thing is certain, and that is that Soviet Russia would long ago have launched a war of universal conquest had it not feared the power of the United States and a small number of its allies in the field of atomic warfare.

The plotters in the Kremlin know, as we ourselves know, that the United States and its allies would have to use the terrible new weapons in the event of another general war.

The Red leaders do not yet know, as we ourselves do not know, whether the United Nations would ultimately authorize the use of atomic weapons in the case of such a "police-action" as in Korea.

A strong supposition is that the Kremlin is staking its present actions with reference to Korea on the belief that the United Nations will not dare to resort to atomic weapons, both because of fear of retaliation and because it will be desired to save the atomic bombs, the supply of which is limited, for what will be conceived of as being possible more desperate future eventualities. Yet if the police-action in Korea fails, then similar action would not again be even undertaken, and the world would lie bare to unmasked aggression.

If the United Nations shows any sign of weakness of determination in enforcing its measures against localized aggression, then the democratic world is lost already, for the Communist conspirators would at once step up their aggressions in every part of the world.

As, furthermore, it may be that the United Nations forces in Korea would not long be able to withstand, with ordinary weapons, the hordes now pouring across the borders from Manchuria, the conclusion must be that the United Nations should approve the unleashing of the ultimate force if necessary.

That would be the one thing,—if there is anything at all, which might still halt the threatened march of the forces of civilization not only in Korea but everywhere else.

If this recourse did not give the Kremlin conspirators pause, that would mean that they had, or have even now, overcome their fear of the atomic weapons of the democratic powers and that a world war, therefore, is inevitable regardless.

In considering the dread possibilities, let us not weaken our wills by what Lord Vansittart, in a book written during the last war, "Lessons of My Life", calls "the sin of Accidentalism". That sin is to view a war "as an accident or as the outcome of a series of incidents". And the strength of Accidentalism draws reinforcement, he states, from an alliance with "the ancient dream of Appeasement".

"If only Germany had been allowed to absorb Austria by a Customs Union in 1930!... If only we had not addressed a legitimate and indispensable questionnaire to Germany!... If only we had been more polite to Ribbentrop and his family!... If only there has been less suspicion on both sides!... If only Hitler had been capable of marriage he might not have been provoked by those brainstorms!... If only, if only—the Germans had not been German!"

Vansittart warns also against the school opposite the Accidentalists,—those who oppose to the accidental, the inevitable, the fated, the destined.

Nevertheless he believed that German militarism was "endemic and incurable":

"You can only destroy it—and no other result is worth dying for or living with—or it will destroy you. There has never been the slightest variation in the choice, because the German nation has always been animated by the Spirit of Assent to Evil... From the very foundation of the German Reich by Nationalism and Militarism there has therefore been no sincerity in any ostensible German advances to this country, nor any truth in the suggestion that any wielder of German power has been a 'rejected lover' rebuffed by accident or misunderstanding."

We may have to come to a similar conclusion with respect to Soviet Russia, and in that case let us not add to the terrors and miseries of war by imagining that if we had acted differently on such and such occasions, there would have been no war.

Much may be achieved by reason and by diplomacy, but there are limits to what the ablest national leaders can do in the event of great upsurges of unreason and evil, especially as they must act under the handicap of the human unwillingness to accept bitter facts.

If a third world war breaks out,—which God forbid, it will not have been caused by the United Nations' action in Korea, nor would it be caused by a final resort in the Korean action to atomic bombs. The origin would have to be traced back to the causes of the Russian Revolution and the development of Bolshevism into the most immoral statism in the history of the world.

We are sure that our fellow American Chamber of Commerce friends from Honolulu are finding their visit here most interesting and, we hope, productive. Their visit finds us in the most difficult economic period of our post-war years.

Mr. Paul Wood's
Remarks at the
Honolulu Chamber
Luncheon

Several American firms have found it necessary to close up and liquidate. Others are contemplating such a move.

The reason for this is to be found in the present administrative policies on controls.

At this same time we, in the Philippines, are awaiting the assistance from you and other Americans tax-payers. We need that help.

We also need a broader, more understanding, and more tolerant view toward established American business here. We believe and we hope that this will come about for the mutual benefit of both Filipinos and Americans.

Do not misunderstand me. There is no major point of difference here between the two peoples. On the very contrary, there is a general attitude of mutual interest and help. I believe that current practices detrimental to old American firms and Filipino allies will change.

We are happy you were able to spend some of your visit with us and we congratulate you and your members on attaining 100 years of service to your common interests.

That the assistance the Bell Mission has recommended for the Philippines must come from the American tax-payers, was emphasized by Mr. Paul Wood, President of the American Chamber of Commerce of the Philippines, in his brief remarks made at the luncheon given in honor of the visiting delegation from the Honolulu Chamber of Commerce given at the Manila Hotel last month by the Philippine and American Chambers.

The American
Tax-payers

Wood, President of the American Chamber of Commerce of the Philippines, in his brief remarks made at the luncheon given in honor of the visiting delegation from the Honolulu Chamber of Commerce given at the Manila Hotel last month by the Philippine and American Chambers.

It is well to remember that the Bell Report is no more than a report made to the President of the United States and that the President will submit the recommendations, in so far as he endorses them, to the Congress of the United States for final approval. The grants and loans and other forms of assistance recommended will have to be either specifically appropriated for by Congress or be included as specific items among other appropriations.

Another factor we must take into consideration is that Congress will not act favorably in the matter unless it is convinced that it will have the support of the American people, the tax-payers.

We do not wish to imply that we believe that there is any serious doubt that, if the Philippines will do its part, the American people will favor this aid to the Philippines and that Congress will authorize it, but we should guard against smugly taking this as a foregone conclusion.

We may take it for certain, however, that the American Congress will become more and more sensitive to the tax-payers' complaints as government expenditures at home and abroad pile up, and in this connection the results of the November elections can not be disregarded. The American people can not go on indefinitely carrying other people's burdens; that everyone must understand. In view of the extensive gains registered in the November elections by the Republican Party throughout the United States, Congress is bound to be more economy-minded than it has been for a long time,—too long a time. This is not an argument for isolationism. America must continue to assist in the development of democratic strength instead of weakness in every part of the world, as a matter of self-preservation, but to burden itself to exhaustion, even in good works, would be self-destruction.

Mr. Wood said a number of true things, very briefly, but emphatically. He pointed out that several American firms have been forced to liquidate in the Philippines because of the unwise government controls here, and that other firms are contemplating the same move. Yet many such firms may be found among the very entities which will share the burden, as tax-payers, of any aid given the Philippines. Let us not think that this does not matter to the American Congress. The American businessmen who

have suffered severe loss in the Philippines will be heard and their associates and affiliates in the United States will be heard on the subject.

If America is not to exhaust itself, American enterprise and activity must continue to prosper, at home and abroad. There is no other way of meeting the drain. And in the nature of the case, such prosperity does not come at the expense of others, but embraces them also. Continued American strength will mean growing strength everywhere. The converse would also be true, and would be fatal.

While we in the Philippines are studying the Bell Report on Philippine economy and finance, together with the recommendations made therein, we would do well to read in connection with it the United States Foreign Economy Policy Report just submitted to President Truman by a committee headed by former Secretary of the Army Gordon Gray.

As an over-all report on foreign economic policy and as fully endorsed by the President, it is to be considered as superimposed on such reports as the Bell Report which deals with a regional detail of that policy.

It is especially significant that while certain of Mr. Gray's recommendations "call for a follow-through on present lines of action, notably in the development of an integrated program for the defense of the North Atlantic treaty area and in the promotion of sound commercial and financial relationships among free nations", Mr. Gray has in other respects recommended changes in existing policy "particularly with respect to underdeveloped areas and economic development programs".

This is not to say that the recommendations of the Bell Report, which was released for publication around a month before the Gray report, are thereby altered, but it may prove to be a fact that there will be a difference in emphasis.

For example, the first recommendation of the Gray Report with respect to the underdeveloped areas is:

"Private investment should be considered as the most desirable means of providing capital and its scope should be widened as far as possible. The negotiation of investment treaties to encourage private investment should be expedited, and the Bill to authorize government guaranties of private investment against the risk of inconvertibility and expropriation should be enacted as a worthwhile experiment."

Another recommendation is also in point:

"Administration of programs to stimulate development in underdeveloped areas should be much more closely coordinated than is now the case."

On the more general subject of world trade, the Gray report—

"urges continued efforts to establish an adequate system of international payments and to eliminate trade restrictions."

President Truman in his statement issued in connection with the release of the Gray Report said that it should be "of great value to the Congress and the executive branch in developing specific measures".

The recommendations, he said, are designed to "assure ourselves that our policies are those which will best serve to reinforce our economic strength and that of the other free nations of the world".

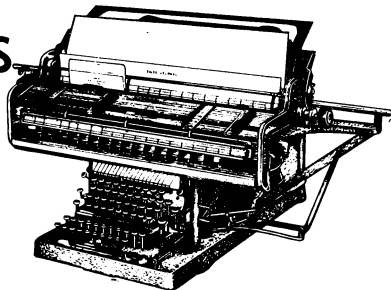
There was a paragraph or two in Bernardo Ronquillo's always good column, "Business News and Views", in the *Manila Bulletin* last month, which rather riled us. Speaking of what "local observers" have to say about the Bell Report, he said:

"Some of the more articulate local observers who have read the Bell Report point out that the Mission has emphasized in the final



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analysis the Philippines' basic problems as those which have persisted not only since the War but during the 40 years or more of American sovereignty. These problems are inefficient production and low income, lack of diversification, and an unbalanced overseas trade. . . . The Bell economists' criticism of the unfavorable features of the Philippine economy is not alone directed at the post-war economic planners. Apparently the American as well as Filipino planners of the pre-war economy have to share the responsibility for a good many of the unpleasant aspects of the present economy. In the first place, it was largely on the foundations of the shattered pre-war economy that the post-war structure was rebuilt: a few basic export industries which could earn dollars quickly as before the war, with not much attention paid to diversification. Secondly, even if a start was made toward turning away from the pre-war pattern of the economy, the job could hardly have been accomplished in 5 years or shown concrete results in this time.

"Take the agrarian problem, for instance, observers point out. It is a century-old problem. Practically nothing was done in pre-war to solve it, although 40 years would have been long enough to achieve a lot in this direction. But certainly not in 5 years, even under the most favorable circumstances and under the most efficient and honest administration, it is pointed out. Likewise, it is further argued, the task of diversifying the economy through the establishment of several other new industries could not have been accomplished in 5 years, during a period when all available funds were needed to restore only the old stand-bys in the economy. And not all of them are fully restored yet because of lack of adequate capital funds. . . ."

This view that past American administrations in the Philippines must share the burden of responsibility for the still largely undeveloped economy of the Philippines, springs to mind naturally enough in reading the Bell Report.

As there are so many newcomers among the Americans and foreigners here as well as a whole new generation of Filipinos who know little about the pre-war Philippines, it is necessary, when this question of responsibility is brought up, to set forth several facts, sad and otherwise, which should not be forgotten.

One fact is that the American Government in the Philippines never governed arbitrarily, but, at every step, sought the voluntary cooperation of the Filipinos. The Americans themselves made dictatorship and coercion impossible by establishing not merely a civil government, but a government on the American democratic pattern, with a separation of powers between the executive, the legislative, and the judicial, and with only the executive department headed by an American,—the Governor-General.

On September 1, 1900, legislative power was transferred from the Military Governor to the Philippine Commission.

On July 4, 1901, William H. Taft was inaugurated as the first Civil Governor.

On September 1, 1901, three Filipinos were appointed members of the Philippine Commission.

In February, 1902, the first elections of provincial governors were held.

On November 15, 1906, the majority of the members of the provincial boards were made elective.

On October 16, 1907, the Philippine Assembly was inaugurated as the lower house of the Legislature.

On October 6, 1913, Francis Burton Harrison was inaugurated as Governor-General.

On October 30, 1913, the Filipinos were provided a majority on the Philippine Commission.

On August 29, 1916, the Jones Act was enacted.

On October 16, 1916, the elective Philippine Senate was inaugurated as the upper house of the Legislature, replacing the appointive Philippine Commission.

On November 15, 1935, the Commonwealth of the Philippines was inaugurated, with a Filipino President. The United States High Commissioner had no administrative duties and exercised no authority within the Commonwealth Government.

A second fact is that among the scores of annual messages addressed by the successive American Governor-Generals to the Philippine Assembly and later to the Philippine Legislature, it would be difficult to find one which did not carry urgent recommendations for the enactment of legislation to further economic development through the attraction of outside capital. Numerous special messages were of the same tenor.

As for agrarian evils, as early as 1903 Governor Taft purchased for the Government for \$7,000,000 over 410,000 acres of the 420,000 acres of land held by the Dominican, Recollect, and Augustinian orders, upon which estates more than 60,000 tenants lived. Of course, the church-owned lands comprised only a part of the large landed estates in the country the titles of which were based on old Spanish grants which the American authorities could not but recognize.

The foregoing are happy facts, but the third fact is a sad one. The Philippine legislative bodies largely ignored the recommendations toward encouraging outside capital investment and activity opposed all other measures of that sort.

The reason is not far to seek and the motivation was for the most part patriotic. The Filipino leaders feared that large American and foreign investments here would build up interests which would strongly oppose the political independence which had been promised the nation.

This fear, too, led to various semi-socialist government enterprises, such as the National Development Company and its subsidiaries, to which the Filipino leaders took recourse in lieu of too greatly encouraging individual enterprise, especially American and foreign.

The fourth fact, another sad one, was the policy of what was called the "Filipinization" of the government service, which was carried out with all possible, and even ruthless, dispatch from the time of the beginning of the Harrison Administration in 1913. It extended not only to American bureau heads but to American technical men in the various bureaus, even to scientists and professors and teachers in the Bureau of Science,* the University of the Philippines, and the Bureau of Education.

This Filipinization also had a nationalistic and patriotic aspect, understandable, even laudable, but it was carried out much too sweepingly and much too soon and virtually hamstrung the American-controlled executive department of the Government.

Well, that, simply, is all there is to it, but it fully explains why not more was accomplished in the matter of economic development during the American regime in the Philippines. There was a fine cooperation in many respects between the Americans and the Filipinos. There was great accomplishment and achievement because of it, economically as well as politically, as anyone who knows anything about the Philippines in 1898 can not help but realize, but much more might have been done in the economic development of the country had the Filipinos shown more faith in America—and in themselves.

There were many Americans in the Philippines, businessmen among them, who believed that with independence the Filipinos would discount the supposed dangers of foreign capital investment and show it a greater welcome, but it takes time to modify a historic attitude, and other elements have meanwhile entered in, such as the bitter hostility engendered by the Japanese during the occupation which extends to some degree to all other aliens. But this, too, time will cure, we may well believe.

It may be that the Bell Report will serve as the long-needed catalyst to bring about a reaction toward a renewed and a fuller cooperation between Americans and Filipinos than ever before.

*One of the men in the Bureau of Science was the world-famous chemist, Dr. Robert R. Williams, who discovered the value of rice-bran syrup (*ger-riak*) as a cure for beri-beri and who, after years of continued experimentation after he left the Philippines, was the first to isolate and synthesize the vitamin concerned, B₁, thiamin. That discovery would have been made in the Philippines had Dr. Williams remained here. Incidentally, he would not be getting a royalty on all the thiamin now being manufactured, as he does today. Dr. Williams never lost interest in the Philippines. He returned after the liberation to take the leading part in the "fortified" rice project carried out in Batavia.

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We had high praise for the Bell Report in the November issue of this *Journal* and we would not say anything which might detract from its force and effect or which might imply that we believe that the general program outlined in the Report, the acceptance of which is conditional to the extension of further American aid, may be disregarded here.

All elements are agreed that there are measures which obviously must and should be undertaken or further pursued, measures the need for which was understood by many even before the Report was published and with respect to which the Philippine Government had in many cases already made a beginning. The value of the Bell Report lies, in large part, in the fact that it will stimulate a bolder adoption and a more earnest pursuit of such measures.

This is not to say that everyone is, or should be, in full agreement with the points of emphasis given the various findings in the Report or the exact order of priority given the measures recommended. It certainly would not be intelligent to hold that every point of detail is technically unassailable. Nor would it be wise to expect or demand that every suggestion must be carried out immediately and to the last letter.

Among all the recommendations made, the one which has aroused not only general protest but also anxiety, because of its recognizedly fundamental nature, confronting the Philippine Government, therefore, with a most serious dilemma, is the recommendation that the tax revenues be immediately increased by as much as 70% of the total.

It goes without saying that the Philippines would not be justified in asking for or accepting assistance from the already heavily-burdened American people, if the Filipinos themselves balk at bearing the burden of as heavy a taxation as they can stand. But a 70% increase, when, already, since the Liberation, many new taxes and much heavier rates of taxation have been successively imposed, is a dismaying thing for the people to face and the prospect is especially appalling to the business community which has always borne the heaviest direct tax burden and which is already on the verge of bankruptcy in many cases because of existing conditions.

What apparently did not sufficiently impress the Bell Mission is the fact that not only is the Philippine Government in serious financial straits, but that business, too, is failing, and that the people are in the main desperately poor. These are the results of many adverse factors which have been operating steadily for the worse during the past few years,—the absence of peace and order, which seriously interferes especially with agricultural production; a lack of sufficient capital to wholly rehabilitate the war-damaged industries; the reluctance of local capitalists to invest in anything except land and buildings; the extensive unemployment; and the unbelievably high prices.

What appears to us to have not been sufficiently emphasized in the Bell Report is the bearing on the financial situation of the recent extravagance and wasteful expenditures of the Government and the inefficient and inequitable collection of the existing taxes.

We should remember that the government revenues are already very high compared to what they were in past years. Prior to the war, the Philippine Government was always self-supporting and government finances always showed, not a deficit, but a surplus, though the receipts during the first ten years after 1898, for example, averaged not over ₱25,000,000 a year. After the establishment of free trade with the United States, government receipts increased rapidly and by 1920 the total revenues amounted to around ₱80,000,000 a year. By 1925 the amount was over ₱100,000,000. During the Commonwealth period, the Government greatly expanded its functions and the

proposed expenditures for the fiscal year 1942, which was interrupted by the war, amounted to something over ₱113,000,000. With independence and because of post-war conditions, the expenses of the Government naturally increased; still it is a far cry from the 1942 figure to the estimated expenditures for 1950 of over ₱500,000,000, even if we take into consideration the decrease in the purchasing power of the peso. And although the revenues have, in spite of the times, been even greater than in the last pre-war year (₱127,400,000 in 1946, ₱263,800,000 in 1947, ₱361,000,000 in 1948, ₱384,800,000 in 1949, and ₱331,300,000 in 1950), the expenditures have greatly exceeded even these larger amounts, and the estimated accumulated post-war deficit now comes to over ₱460,000,000.

On the basis of these facts and figures, it should be obvious that the remedy is not to be sought only through an effort to raise additional funds by new taxes and increased tax rates, but rather in the enforcement of stringent measures of retrenchment and economy and the full collection of the taxes due the Government under existing laws.

Indeed, such a heavy increase in taxation especially at this time, as is proposed, representing an additional load which we believe neither the people at large nor business could bear, would almost certainly result in the failure of the whole development program envisaged by the Bell Mission.

What is most needed is, first, honesty, economy, and efficiency in the administration of the present tax laws, and, second, increased production. It is evident that it would not be possible to rebuild prosperity on measures which still further increase the high cost of even the present low standard of living and on further discouragement of productive free enterprise.

If despite all the foregoing considerations it is decided that the tax revenues must be increased, then let us remember that the people are already heavily taxed by indirect taxes as well as, in effect, by the abnormally high prices which have resulted from the import control policies of the Government, and that business, too, as we have stated, has always carried the heaviest direct tax burdens. If taxes must be raised, let the Government increase the land and property taxes as land and property so far has always been taxed lightly or not at all.

The Bell Report stresses in its very first recommendation that additional revenues should be "raised immediately in an equitable a manner as possible", and President Quirino echoed this statement in his message to the Philippine Congress which opened in special session on December 4. He also emphasized that "tax legislation of an equitable character" was necessary.

Yet at least one of the tax measures proposed, that which would impose a 25% tax on exchange remittances for all purposes, would be most inequitable in its effects, would again be borne chiefly by business and by the people at large in the inevitable effect of another steep rise in prices. It would fall especially heavily on the relatively small element of the population which is obliged to send remittances abroad for personal reasons. All this is clearly brought out in a statement prepared by the American Chamber of Commerce for submission to the Philippine Congress and published elsewhere in this issue of the *Journal*.

The advantage of this tax would be that it would bring immediate additional revenues, though these revenues would not be so high as many suppose if the present barring of imports continues and our foreign trade goes from bad to worse. If this legislation is nevertheless decided upon, then in justice and equity the amount of this tax paid by corporations and individuals for remittances of all kinds other than in payment for imports should be credited against other taxes paid by them.

Various alternative taxes have been proposed by congressional, business, and social leaders, as well as various business organizations, and these should be given full consideration by Congress and the Administration. It would be well if especially the able Dalupan report on taxation were given intensive study.

Time is lacking for a further discussion in this issue of the *Journal* of the various new taxes proposed, but the Chamber's tax committee and the Board of Directors is presently doing everything possible to aid the Government in arriving at a clear understanding of the various problems that are arising in connection with such measures.

We believe, above all, that hasty action should be avoided by Congress. This would have been advisable in any case, but with the present unparalleled danger of an outbreak of another world war, which was not anticipated in the Bell Report, the country should not saddle itself with laws which might, in the case of war, be wholly inapplicable.

Some months ago there was considerable discussion in the Philippines of the United States Government project to increase the production of abaca in Central America. Some protest was voiced on behalf of the Philippine abaca industry which up to recent years has enjoyed what was believed to be a natural monopoly based on certain peculiar conditions of soil and climate.

The successive editors of the monthly *Manila Hemp* column in this *Journal* have, over the past few years, repeatedly warned the industry and the Government of the situation which has been allowed to develop here, warnings which recently were given new point in the Bell Report, which states:

"Abaca production was retarded by excessive stripping and the spread of mosaic disease, and in 1949 was less than one-half of pre-war.

"The abaca industry in the Province of Davao, the major abaca producing area in the Philippines, is seriously threatened by a mosaic disease. Immediate action must be taken to prevent the further planting of diseased seed, the older plantings showing disease cleaned up, and a major source of disease-free seed provided. This problem constitutes an emergency and prompt action is necessary if a serious setback to this import export crop is to be avoided."

It must be admitted that this situation alone, aside from any military considerations, affords some justification for the interest the American Government is showing in developing, if possible, another source of abaca supply.

On the basis of information the *Journal* has just received from the United States, we believe that the American Government action need not create any excessive anxiety here, though it should serve as a strong stimulus to a prompt carrying out of the Bell Report recommendation.

The information referred to is contained in a letter from an authoritative source, which runs in part as follows:

"The essential facts are as understood by you, namely a \$35,000,000 program aimed at the development of 50,000 acres. The original wartime program developed 25,000 acres, of which a substantial portion has already gone out of production.

"It is our understanding that an additional 3,000 to 4,000 acres of these original plantings will be withdrawn from abaca production during the next three years.

"The successful conclusion of this program would perhaps bring a grand total of some 65,000 acres into production, with a possible output of perhaps 400,000 bales of the current Philippine size."

Compare this with the latest reported (1948) acreage in the Philippines of around 380,000 and an acreage of 725,000 in 1941.

As to the output,—on the basis of the 400,000 bales expected to be produced yearly from the 65,000 acres, the Central American hemp fields will yield 12 piculs per acre, equivalent to 30 piculs per hectare, as compared to 7.6 piculs per hectare obtained in the Philippines in 1948.

In 1939, the average yield in the Bicol provinces was 4.17 piculs per hectare and in Davao Province, 13.22 piculs per hectare.

The higher yield of the Central American fields is to be partly accounted for by the fact that by the use of decorticating machines about twice as much fiber is obtained than by hand- or machine-stripping. Furthermore, many hemp fields in the Philippines are old and on the decline. In addition, there has been great war-damage.

The letter continues:

"A U. S. Department of Agriculture team is now in Central America attempting to select the proper land for this expansion project. An area of 500 acres has already been planted in Mexico by private enterprise, and if this is successful it is planned to expand this acreage to 2,500. The objective of the entire program is to produce nothing but decorticated fiber."

In the Philippines abaca is, for the most part, stripped, either by machine or hand. The difference will be explained further on. We will first continue with the letter, which next emphasizes the fact that the Central American project is a defense measure and not an economic program.

"It appears that the objective of this program is not clearly understood in certain quarters. It is purely a defensive measure and not an economic program. The idea is to provide the United States with a near-by source of supply in the event of war. In effect it is specifically aimed at assuring the United States of a supply of Manila hemp should the Philippines be cut off, or should serious transportation problems arise as a result of war. It is obvious that in order to protect the United States against such possibilities, that the development should not be in the Philippines. It would be foolish to attempt to protect the United States against a possible inaccessibility of the Philippines by developing an emergency source of supply in the Philippines."

As for the possible economic effect on the Philippine industry, the letter declares that—

"... it does not seem logical to suppose that the very considerable increase in abaca production which will result from this program, will not have a considerable effect on the price level. This does not, however, mean that the Philippine economy will be injured thereby. It does perhaps mean that when the new production is in full swing, substantially lower prices will prevail. Our own opinion is that the Philippines will be able to withstand this effect and that a healthy abaca industry in the Philippines will still be possible. There is a basic under-supply of hard fibers, and at lower and more realistic prices, the world consumption of hard fibers could be expanded considerably. In other words, we should not assume that because a lower price level may result, this will bring ruin to other fiber producing countries."

As to the uses to which the Central American fiber will be put, the letter states:

"A great deal of the production will undoubtedly go into the United States stockpile. The primary use to which this production will be put is, of course, cordage; but if prices were to decline to a level competitive with sisal, then very considerable quantities would undoubtedly be used in twines of various descriptions."

Returning to the manner of stripping, the principle of the decorticating machine, originally developed in Mexico for the decortication of sisal or henequen, is essentially the same as that of the Philippine *hagutan* or spindle machine, except that in the case of the decorticator the hemp stalk is fed to a moving knife whereas in the *agutan*, as in hand-stripping, the knife remains stationary.

Before the war there were two plantations in the Philippines which used machines of the decorticator type,—the Furukawa Plantation and the Odell Plantation. At present there is only one decorticator in use, but it is reported that it is planned to install one for the 1,500-hectare hemp plantation of the Davao Penal Colony. One drawback to the further use of the decorticating machine in the Philippines is its rather high cost.

As to the comparative tensile strength of the Philippine and the Central American fiber, a local authority states:

"Numerous tests of both Central American and Philippine decorticated hemp have shown that the tensile strength of the former is fractionally lower than that of the latter (as produced on the Odell Plantation).

"United States rope manufacturers claim that there is more seen to the Central American fiber, but this in itself is of little significance

and may be attributed to the fact that in Central America squeeze rollers are used for the removal of the high water content of the fiber, whereas in the Philippines centrifugals are used which closely resemble those used in sugar centrals."

The Philippine Government has now appropriated P500,000 to combat the mosaic and other diseases of hemp, although no part of this appropriation has as yet been made available.

One hopeful sign for the Philippine industry is the fact that the production of hemp this year, up to the end

of October, totals 630,594 bales, as against only 428,800 bales during the same period last year. It is estimated that the production for the whole of 1950 will come close to 775,000 bales, or some 50% more than the total pressings last year. Experts estimate that the production in 1951 may come to 900,000 bales. There is no doubt that progress is being made, and it is said to be possible that by 1952 or 1953 at the latest, the average pre-war production of 1,200,000 bales will be reached.

Memorandum to the Philippine Congress on the Proposed 25% Tax on Exchange

By the American Chamber of Commerce of the Philippines

THE American Chamber of Commerce of the Philippines realizes that the Philippine Government must promptly increase its revenues, and that equitable taxation and improved efficiency of collection are the only means to which it can resort. On behalf of American business firms and individuals, the Chamber respectfully desires, however, to convey to the appropriate Committee of Congress that grave anxiety is felt over certain tax proposals which have been put forward in connection with plans to implement recommendations contained in the Bell Report. Of particular concern to the American community is the proposal that a tax of 25% be levied on exchange remittances for all purposes, but that under certain conditions and regulations the tax paid upon the importation of rice, wheat flour, corn, canned fish, canned milk, fertilizer, antibiotics, and anesthetics, may be refunded.

The features of this proposed tax which would be particularly oppressive to American business and nationals are listed hereunder:

1. 25% of the remittable proceeds of liquidations of American business firms in the Philippines would be payable as a tax before the balance could be repatriated to the owners.
2. American citizens retiring from long service in the Philippines or who will have been put out of business or employment through the implementation of import control would have to surrender 25% of the remittable balance of their savings and salvaged assets before the remainder on which they could depend for future support can be transferred to their home country.
3. Earnings from investments by American and all other foreign individuals in Philippine industry would be subject to this 25% tax, in addition to the regular withholding tax, before such earnings could be transferred to the account of the investors in their home country.
4. Profits from business conducted by American-owned companies in the Philippines would be subject to this additional 25% tax before being converted to dollars on behalf of the investors. This 25% exchange tax would be on top of the regular corporation tax, payable by both American and local corporations.
5. This 25% tax would be collected on remittances made by both American and Filipino nationals for the support of their dependents in the United States; for the support of children in United States schools; for life insurance premiums payable in dollars, and on all other dollar payments of a personal nature.
6. This 25% tax would also be collected out of the remittable savings from salaries of Americans employed in the Philippines whether their salaries are paid in dollars in the United States or in pesos in the Philippines.

No opportunity would exist to recapture the amounts paid as taxes under the cases mentioned above.

The amount of revenue to be derived from the tax on remittances of a personal nature would be of no considerable consequence, but the tax would result in great hardship to the individual, and obviously most of it would fall on American citizens.

The above enumerated circumstances under which a 25% exchange tax would be payable by foreign-

owned business do not obtain in the case of firms which do not remit their profits. It would be a serious handicap if an American business operation were obliged to pay 25% tax on its remittable net profits in addition to the regular corporation tax, and for an American national to contribute to the Government 25% of his savings and other remittable assets in the form of taxes, when locally owned firms and local nationals are not subject to this tax obligation.

The inequity of this proposed tax would make further profitable employment of American capital in the Philippines practically impossible. It would completely discourage American technicians from taking employment in the country, would speed up the liquidation of existing American firms, and expedite the departure of American capital and nationals from the Islands.

Surely the consequence to the economy of the country of such contraction in business, and discouragement to further investment, which comprise the principal sources of revenue to the Government, need not be emphasized.

If, therefore, it is finally determined that an exchange tax is unavoidable, then the American community strongly urges that such tax be applied only to that exchange which is purchased specifically for payment of merchandise imported for resale.

Obviously the addition of a 25% tax to the cost of machinery and equipment brought into the country by and for local industry would contribute a setback to the good start that has been made toward building up production in the country.

If such a tax is to be imposed on exchange purchased for payment of merchandise imported for resale, then it should not apply to exchange required in payment of merchandise for which import licenses have already been issued.

In the event that for technical reasons the exchange tax on remittance of business profits and on remittances by individuals to cover personal obligations can not be avoided, then it is strongly recommended that the amount of exchange tax paid by corporations and individuals for the purposes mentioned above be allowed as a credit respectively against any corporate and personal income tax and residence tax which may be due and payable to the Government.

Should the above views be adopted it is believed that the relatively small revenue expected from these sources would be more than compensated in other collections as a result of the more favorable economic climate engendered.

It is respectfully requested that the views expressed herein be given your serious and sympathetic consideration.

The U. S. Foreign Economic Policy Report*

Prepared by a Special Committee

GORDON GRAY, Chairman

FOLLOWING is the full text of a statement by President Truman in connection with the release of the report by Gordon Gray on United States foreign economic policy:

"THE foreign economic policy of the United States is of key importance in influencing the course of world events. It is one of the central instruments with which we can meet the present world crisis and through which we can promote the security of the United States as part of a free world. Since the ending of World War Two, we have come increasingly to realize that our foreign economic policy must be world-wide in concept, that its many parts must follow a single broad system of direction and purpose, and that it must be continuously adapted to changing circumstances both at home and abroad.

"For these reasons, last March I asked Mr. Gordon Gray, upon his resignation as Secretary of the Army, to study the whole complex of our foreign economic relations and to develop appropriate recommendations designed to assure ourselves that our own policies are those which will serve best to reinforce our economic strength and that of the other free nations of the world." Mr. Gray's work was in full swing when our recent Communist aggression in Korea demonstrated to the free world the urgency of a more rapid increase in its military power. The expanding rearmament programs of the United States and other free nations, while not basically altering our long term objectives, created major changes in the immediate outlook for the world economy. Mr. Gray and his staff, therefore, have re-cast their work to take account of the changed outlook.

"The report now submitted by Mr. Gray represents a comprehensive analysis of the whole range of foreign economic problems facing the United States. Behind the report lie many months of intensive labor by Mr. Gray himself, his immediate staff assistants, and a large number of consultants in all walks of private life and in the many governmental agencies concerned with these problems. The nation is indebted to Mr. Gray and his associates for their fine response to a most challenging and difficult assignment. The report deserves the attention and study of all citizens.

"The guiding concept of Mr. Gray's report is the unity of foreign policy in its economic, political, military, and informational aspects. Our national security can be assured only through effective action on all these fronts. I fully endorse Mr. Gray's statement on the basic objectives of our foreign economic policy. In his words:

"The objective of our foreign economic policy has been and is to encourage among the nations of the free world those economic conditions and relationships essential for the development of stable democratic societies willing and able to defend themselves and raise the living standards of their peoples. These objectives are to the benefit of all peoples; their national interests are bound up with our national interests; our security and well-being are clearly connected with their security and well-being. Neither we nor they can live alone or defend ourselves alone. This fundamental unity of interest underlies our efforts both to achieve long-term progress and also to meet the immediate necessities presented by Soviet aggressive designs."

"Mr. Gray's report should be of great value to the Congress and the executive branch in developing specific measures to further these objectives. Certain of Mr. Gray's recommendations call for a follow-through on present lines of action, notably in the development of an integrated program for the defense of the North Atlantic treaty area, and in the promotion of sound commercial and financial relationships among free nations.

"In other respects, Mr. Gray has recommended changes in existing policy to meet emerging problems of our foreign economic relationships. This is particularly the case with respect to underdeveloped areas and economic development programs.

"I recently announced my intention to appoint Mr. Nelson Rockefeller as Chairman of the Advisory Board created under the new act for international development to advise and consult with respect to general or basic policy matters arising in connection with operation of the program." I am asking Mr. Rockefeller to have this Board, as its first task, consider Mr. Gray's proposals concerning our policy toward the underdeveloped areas in the content of the full report, in order that this Board will be able to give us its views early in the coming year on the types and size of programs which it considers desirable for the United States to undertake in this field.

"Meanwhile, the various executive agencies concerned will draw fully on Mr. Gray's report, and on the background studies underlying it, in developing appropriate administrative action and legislative recommendations in the whole area of foreign economic policy which is so crucial to our national security."

Summary of the Gordon Gray Report

CONTINUED aid to Western Europe for another three or four years, apart from military equipment, and consideration of further appropriations for Japanese aid

are among the recommendations contained in a report on United States foreign economic policy prepared by a special committee headed by Gordon Gray, President of the University of North Carolina and former United States Secretary of the Army.

The report was made public today [Monday, November 12] by President Truman with an accompanying statement which gave it high praise as a "comprehensive analysis of the whole range of foreign economic problems facing the United States."

The Gray Committee, frequently referred to in the press as the "dollar gap" committee, was appointed by the President in March to study the whole complex of America's foreign economic relations and to make recommendations for strengthening United States economic strength and that of the other free nations of the world. One of its primary tasks was to determine ways and means of closing the dollar gap in international trade. However, the outbreak of Communist aggression in Korea and the resulting expansion of rearmament programs by the United States and other free nations compelled the Committee to take account of the changed outlook and recast its immediate objectives.

In discussing this phase of its studies, the committee pointed out that—

"The diversion of American productive effort to military defense will reduce the supply of goods for civilian consumption in this country. It will also reduce the quantity of civilian goods which we can ship abroad. This means that our demand for civilian imports from other countries will increase.

In the future, it is desirable and should be possible to carry out our objectives and at the same time approach a balance in our exports, imports, and long-term investment; but it is the effective carrying out of our objectives, and not the balance itself, that is important."

Building on the fundamental principle that the overriding objective of United States foreign policy is "to establish a just and lasting peace among nations," the report describes the basic objectives of American foreign economic policy as directed at encouraging among nations of the free world "those economic conditions and relationships essential to the development of stable democratic societies willing and able to defend themselves and raise the living standards of their peoples." It continues:

"These objectives are to the benefit of all peoples; their national interests are bound up with our national interests; our security and well-being are clearly connected with their security and well-being. Neither we nor they can live alone or defend ourselves alone. This fundamental unity of interest underlies our efforts both to achieve long-term progress and also to meet the immediate necessities presented by Soviet aggressive designs."

In his statement regarding the report, President Truman quoted this outline of United States foreign economic policy and said "I fully endorse" it.

As major goals in the long-range pursuit of United States objectives, the report stresses the need for promoting a rapid build-up in the defense capabilities of Western Europe; development of additional sources of supply for needed materials; strengthening of the free world against Communist subversion; and fostering world trade relationships which will stimulate progress on a self-supporting basis.

The committee makes a number of recommendations designed to assist in the task of achieving these goals, some of them calling for legislative action, others involving administrative action or reaffirming present policies.

*United States Information Service, November 13, 1950.

With regard to aid to Western Europe and Japan, it recommends that:

1. To facilitate the required expansion of Western European defenses, the United States should be prepared to continue supplying aid, apart from military equipment, for another three or four years beyond the present time.

2. Aid to Western Europe should be planned on the basis of an over-all assessment of requirements rather than on a specific project basis.

3. The United States should continue to support the development of an effective intra-European payments mechanism. At least for the time being, it should continue to allot to the European Payments Union a portion of the dollar aid it extends to Europe.

4. In the joint planning of security programs, adequate consideration should be given to the importance of a high volume of European exports.

5. The needed rate of increase in British military expenditures should be achieved by means that avoid worsening the external position of the United Kingdom.

6. Further appropriations for Japanese aid should be carefully considered. Should Japan for any reason prove unable to increase production for export, it might need external aid.

With regard to underdeveloped areas, it is recommended that:

1. *Private investment should be considered as the most desirable means of providing capital and its scope should be widened as far as possible. The negotiation of investment treaties to encourage private investment should be expedited, and the Bill to authorize government guaranties of private in-*

vestment against risks of inconvertibility and expropriation should be enacted as a worthwhile experiment.

2. The lending authority of the Export-Import Bank should be increased from the present \$3,500,000,000 to a total of \$5,000,000,000, in order to make advance planning effective. A general policy of permitting United States loans to be spent outside as well as within the United States should be adopted, and in selected cases loans should be permitted to finance some of the local costs of development projects.

3. In some cases, grants may be appropriately used for development and technical assistance where development programs, urgently needed from the standpoint of United States objectives, cannot be soundly financed by loans.

4. *Administration of programs to stimulate development in underdeveloped areas should be much more closely coordinated than is now the case.*

Other recommendations have to do with the procurement and export of goods in short supply, the administration of United States foreign economic programs, and the promotion of America's international trade and financial objectives.

On the subject of world trade, *the committee urges continued efforts to establish an adequate system of international payments and to eliminate trade restrictions.* The report says:

"We are working toward the ultimate goal of a peace which rests upon the firm foundation of an expanding world economy. It is, therefore, important that we continue our efforts to encourage world trade and capital investment throughout the world. Only in this way can the nations of the world achieve rising standards of living through sound and self-supporting economies."

Recommendations of the Chamber of Commerce of the United States with Reference to all Foreign Aid*

THE ECA program, now entering its crucial phase, should bring about such international economic development as will foster the normal, expanding flow of goods and services rather than permit and encourage all those disruptive restrictions inherent in nationalism. ECA funds should not be used to build up uneconomic production nor to permit or encourage discrimination against United States suppliers of goods and services contrary to the intent of the ECA program.

A change in course from restrictive nationalism toward true international economic cooperation will strengthen Europe and the rest of the free world and become the largest contributing factor to continued world peace.

Private enterprise and private investment capital should form the cornerstone of any program undertaken by the United States for economic advancement in underdeveloped areas in foreign countries.

Congress and the administration should make clear, in all undertakings to assist the economic development of underdeveloped areas, whether undertaken by our Government directly or in cooperation with other governments through the United Nations or other international agencies, that our primary concern is for improvement of world economic conditions, and not primarily investment opportunities as there are ample opportunities for investment at home; and that our Government has no intention of providing funds for purposes for which private investment is suited or of encouraging investments in a foreign country which fosters or maintains conditions unfavorable to private enterprise. American private capital is not likely to flow in substantial amounts to those areas where unpredictable political decrees or policies of discrimination or excessive taxation retard private enterprise.

The technical assistance program should be carried forward by our Government on a modest and carefully considered basis, so conducted as to avoid any reasonable charge of either paternalism or imperialism, and with due regard to our budgetary situation. Technical aid projects should be restricted to countries where there is a genuine willingness to cooperate to the full extent of their own abilities. Where capital investments are involved, aid should be contingent upon the completion with our Government of treaties and agreements to provide assurance of fair treatment for American private capital.

The Government should pursue proper and important functions in the program, including: first, supervision and integration of appropriate activities by its own agencies and their coordination with those of United States private agencies; second, a provision of technical assistance, which experts available to the Government are especially qualified to provide, in fields such as public health, sanitation, education, fiscal affairs, and government administration; and third, where conditions are favorable the encouragement of the investment of private capital.

American private capital is available for undertakings in foreign countries which offer a favorable investment climate. To attempt to promote the investment of such capital by extending guaranties by our Government against risks involved in foreign investments is undesirable. Such guaranties would remove incentive of foreign governments to create conditions favorable to private capital investment. These conditions should be sought by treaties.

Inasmuch as active participation and full cooperation by American private enterprise is so essential to the suc-

* From an October, 1950, publication "Policy Declarations", of the Chamber of Commerce of the United States, Washington, D.C.

cess of a program of aid to the economic development of underdeveloped areas, there should be mandatory requirement that an advisory board be appointed to deal with all aspects of technical and financial aid. Its personnel should be drawn from citizens of competence and experience in foreign trade, investment, and other pertinent domestic and foreign fields of private enterprise, and its recommendations should be published. The advisory board should provide for consultation with organizations representing American business interests in the foreign country concerned.

THE National Chamber, while recognizing that the early industrialization of the less developed countries of the world may engender greater purchasing power, better markets, and higher levels of living, warns against "industrialization at any cost."

In any given case the following factors should be taken into account: the establishment of political and economic security and equal justice for domestic and foreign traders; possession of or access to essential raw materials, necessary capital, whether domestic or foreign, and the requisite technical personnel; the prospect of adequate markets for industrial products either at home or abroad; the ability of industries thus fostered to survive without uneconomic trade barriers; and private rather than government operation.

THROUGH treaties and agreements with other countries, the status of United States citizens and business interests abroad should be clearly defined. Any such treaty should specify that United States nationals receive, on a reciprocal basis from the consignatory nation, treatment no less favorable than that accorded its own nationals. Full protection should be afforded by special provisions if necessary to United States interests and investments in regard to such matters as the expropriation of property and the protection of patents, trademarks, and other proprietary rights owned by United States citizens.

Our Government should pursue a vigorous policy against any measures of foreign countries which are prejudicial to or discriminate against our investors or investments abroad.

IT is recommended that the Department of State be urged to continue to pursue aggressively the negotiation of treaties of friendship, commerce, and navigation with countries with which we have substantial commercial relationships but not treaties; and that negotiations to modernize existing treaties of friendship, commerce, and navigation be initiated as soon as practicable.

We believe that our negotiators can benefit substantially from the sound counsel and experienced observations of United States business interests operating in the nations with which negotiation is proposed.

Such treaties should have, as a primary purpose, the establishment of protective codes which will actively encourage foreign investment. Provisions should be made for the non-discriminatory employment of management and technical personnel with correlated provisions permitting the entry of such personnel under employment contract.

THE promotion of the foreign commerce of the United States is dependent to a great extent on the capacity and activities of the representatives of American business abroad. These representatives have established and support in many foreign countries American Chambers of Commerce which promote the interest of American business, establish standards of business policy, and create international good will.

The Chamber of Commerce of the United States recognizes the value of American Chambers of Commerce abroad in the development of our foreign commerce. We urge that all American firms interested in foreign commerce lend their support to these Chambers by membership and by participation in their work.

NOW, gentlemen, I am not an alarmist. I don't run around crying 'wolf'. I never see bogeys under the bed—and seldom see them on the golf course, these days. But I am gravely and sincerely disturbed by what I have seen in Washington.

"In my opinion, our American economic system is in deadlier peril today than it has ever been in my lifetime. I say that knowing that it has always defended itself successfully against its enemies abroad; but I honestly do not know how it can be protected against its self-styled 'friends' in Washington who would literally hack it to death on the pretext of saving its immortal soul. I am convinced that if these misguided planners and politically ambitious office-holders have their way, three of our most precious liberties,—freedom of opportunity, freedom of initiative, and freedom of enterprise, will vanish from this earth.

"I have always had great faith in the plain, cracker-barrel common sense of the American people, and so long as they are permitted to know the facts, I have no fear that they will ever allow their economic system to be engulfed by foreign 'isms' and ideologies.

"I do not fear Communism because every passing day proves its utter failure. The American people know that if Communism were really working successfully, there would be no need for police state oppression, phony trials, and slave labor camps behind the iron curtain.

"I do not fear Fascism because it has killed the three

great nations which adopted it. The American people want no part of any economic system that feeds only upon war and conquest.

"I do not fear outright Socialism because, in Europe today, Socialism itself is living on the dole, and America is the only country on earth that is able to foot the bill for it. No American tax-payer is likely to fall for that kind of an economic system. . .

"But when somebody in Washington starts telling me how much he loves the Free Enterprise system and how he proposes to save it from itself, I shake in my very shoes. I wonder why it is that these self-appointed saviours of our national welfare always seem to miss the point,—the one magnificent lesson that should be apparent to anyone who looks about him at the world today.

"The point is, gentlemen, that our American system of Free Competitive Enterprise is the only one left in the world that is NOT controlled by power-hungry politicians; and whether you call it the Square Deal, the Fair Deal, or the New Deal, or just plain Federal Regulation, the fact remains that once the dead hand of politics gets its convulsive grip on American business and industry, free competition will be strangled, and our economic system will be no different—and no more successful—than those noble experiments which are crumbling into dust in Europe."

BENJAMIN F. FAIRLESS
President, United States Steel Corporation

The Quirino-Foster Joint Statement and the Quirino-Foster Agreement*

Guest House, Baguio, November 14.—The following is the joint statement issued by President Elpidio Quirino and the Hon. William C. Foster:

PRESIDENT Quirino and the Honorable William C. Foster, as personal representative of President Truman, concluded their conversations today in Baguio by signing, with mutual gratification, an agreement which will constitute an instrument of immense usefulness for both the Philippines and the United States. The agreement is based largely on the general recommendations of the Bell Report. It indicates the plans of the Philippine Government to take immediate steps to improve its economy and the intention of the President of the United States to request substantial assistance for the Philippines as quickly as possible so as to enable the Filipino people to realize their aspirations for an improved way of life. It provides for the usual Marshall Plan type of operations for the benefit of the Philippine and American peoples. The agreement may well herald the beginning of a new and even closer partnership between the two nations in working towards a better common future in a more stable and prosperous world."

Guest House, Baguio City, November 14.—Following is the full text of the agreement signed 3 o'clock this afternoon by President Quirino in behalf of the Philippine Government and ECA Administrator William C. Foster, representing Harry S. Truman, President of the United States:

PRESIDENT Elpidio Quirino and Honorable William C. Foster, as Representative of President Harry S. Truman, have agreed to recommend to their respective Governments a program covering the nature and form of the assistance and cooperation which the Government of the United States would have to extend to the Government of the Philippines to assist the latter in the solution of age-old social and economic problems gravely aggravated by the last war, and to bring about a new Philippine era of progress and plenty.

1. It is realized that the Philippines must have greater production, a more diversified economy, and a higher family income for its industrial and agricultural laborers, all of which will greatly contribute to the enhancement of free institutions in the Philippines.

2. The President of the Philippines, highly appreciative of the proffered help on the part of the President of the United States, to bring about social and economic well-being in the Philippines, announces his determination to lead his country in the attainment of this great goal, through total economic mobilization and the bold implementation of measures that will bring about a higher degree of social justice in the Philippines.

3. The main recommendation of the report to the President of the United States by the Economic Survey Mission to the Philippines will be the basis for serious and immediate consideration by the Philippine Government in order to attain the objectives mentioned above, and may be considered a practical and sound point of departure in working out a program of social, economic, and technical assistance and cooperation.

4. To this end, and considering that time is of the essence, the Council of State shall forthwith formulate a legislative program of the following measures for prompt consideration by the Congress of the Philippines:

a. Tax legislation of an equitable measure designed to balance the budget and build up a surplus to gradually eliminate previous deficits and at the same time to help in counteracting the inflationary trend. It is estimated that, in order to be able to take advantage fully of United States aid, it will be necessary to fix as an immediate goal a total of not less than ₱565,000,000 in tax revenues. It is proposed that new and increased taxes go into effect January 1, 1951.

b. A minimum wage law for all agricultural workers as the first step toward labor and rural legislation designed to raise the level of wages, especially in agricultural areas, and to improve the living conditions of agricultural and industrial workers.

c. A bold resolution expressing the general policy of Congress to accelerate the carrying out by congressional enactment of the social reform and economic development measures recommended by the Economic Survey Mission to the Philippines.

5. The United States Government agrees, at the request of the Philippine Government expressed herewith, to furnish with the least possible delay technical assistance particularly in the field of taxation and revenue collection, social legislation, and economic development, to act in an advisory capacity to the appropriate departments or agencies of the Philippine Government.

6. Both Governments will appoint their respective committees to resume the negotiations for a Treaty of Friendship, Commerce, and Navigation. It is assumed that these negotiations will re-examine at the same time the provisions of the present Trade Agreement. It is realized that the Philippines needs special United States assistance in trade and privileges for several years.

7. Each government will be represented in matters of social and economic assistance and cooperation by its own commission, as follows:

a. A Philippine Council for United States Aid will represent the Philippine Government in its relationship with the agency selected by the United States Government (the ECA) to represent the assistance and cooperation program.

b. The ECA will be the agency of the United States Government to collaborate with the Philippine Council for United States Aid. Its functions will be to advise with the Philippine Government, through the said Philippine Council, in planning the use of American social, economic, and technical assistance and cooperation, and in advising and assisting the Philippine Government in carrying out the general aims and recommendations of the Economic Survey Mission to the Philippines.

8. In consideration of the determination of the Philippine Government to act boldly and promptly on the major program designed to fulfill the aspirations of the Filipino people, the President of the United States intends to recommend to the United States Congress the appropriation of the necessary funds that will be required for a social, economic, and technical assistance program which will require several consecutive years of substantial aid, envisioned in the report of the Economic Survey Mission at \$250,000,000.

9. It is understood that, subject to such modification as may be agreed upon by the two countries, the operation of the ECA in the program of the Philippines will be along general lines already established by the ECA in its relationship with other sovereign states.

10. A bilateral agreement will be negotiated between the two governments to give force and effect to the pertinent paragraphs above.

Done in the City of Baguio, November 14, 1950.

(SGD.) WILLIAM C. FOSTER (SGD.) ELPIDIO QUIRINO
Representative of President Harry S. Truman President of the Philippines

* From a Malacca press release.

The Business View

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

Office of the President of the Philippines

From an Official Source

OCTOBER 31—President Elpidio Quirino informs the Cabinet that he has accepted the resignation of Dr. Jorge Bocobo as Chairman of the Integrity Board and that he has appointed former Justice Luis Torres to succeed him. Dr. Bocobo resigned because of poor health and because he wishes to devote his full time to his work on the new Code of Crime and the Code of Commerce. The President also announces that he has relieved Federico Mangahas as private secretary—an "aftermath of the 'Philippine commentator's' blast against the United States for which he admitted full responsibility". Secretary of Commerce Cornelio Balmaeda, as Chairman of PRISCO, the new price-control organization, states he will enlist the cooperation of local business firms in the training of personnel.

"We are embarking on a program of closer collaboration between the Government and members of the business community. This will herald a new era in government-business relationship."

November 2—The President sets up seven sub-committees of members of the Council of State, the Monetary Board, and the National Economic Council to study the Bell Report and to make their recommendations, these to be coordinated by the Philippine Economic Survey Mission headed by former Speaker Jose Yulo, in preparation for the conversations to be held with the United States representatives headed by Economic Cooperation Administrator William C. Foster who are expected to arrive in Manila on November 6. (The party was delayed at Wake by stormy weather and did not arrive until the following day.)

Nov. 3—The President signs three executive orders fixing the ceiling prices of sugar, canned fish, and certain drugs and household remedies.

Announced that the Foster party includes besides Mr. Foster and his wife, Mr. and Mrs. Allen Griffin (Director, Far East Program Division, ECA), Robert E. Mullen (Director of Information, ECA), Vincent V. Checchi (Chief, Far Eastern Trade Policy Branch, ECA), and Robert Oliver (Executive Assistant, Office of the Labor Adviser, ECA). The party will stay in Manila for two days and leave by plane for Tokyo on November 9; it will return to Manila on November 14 and will leave again on November 17 for Bangkok with the exception of Mr. Checchi who will remain in Manila indefinitely.

Nov. 4—The President makes public the Treaties of Friendship concluded by the Philippines with Turkey and Thailand signed in Washington on June 13 and 14 respectively.

Nov. 5—Reported that the Department of Public Works has asked the President that representations be made to the United States Government to extend the deadline for the completion of roads and bridges from June 30 of this year to June 30 of next year, Secretary Sotero Baluyot stating that contractors have been handicapped by dissident activities, labor troubles, and delays in the shipment of steel and other materials from the United States.

Nov. 7—The President confers for an hour and a half with ECA Administrator Foster and his group which was accompanied by Charge d'Affaires Vinton Chapin of the United States Embassy; also present were Vice-President Fernando Lopez, Acting Foreign Secretary Felino

Neri, and State Counselor Jose Yulo. Mr. Foster presents a letter from President Truman reading:

"It was kind of you to invite Mr. William C. Foster, ECA Administrator, for personal conversations with you in connection with the initiation of a program of economic cooperation between our two Governments. I am confident that your conversations will be most helpful in the development of such a program. I was also pleased to read your statement in connection with the report of the Economic Survey Mission, and believe with you that we now have a working basis for serious discussion of our problems on a government-to-government level. I send my warmest personal regards and my continued admiration for the people of the Philippines." In the evening the President gives a state dinner in honor of the visitors.

Secretary of Foreign Affairs Carlos P. Romulo and Central Bank Governor Miguel Cuaderno inform the President that a P70,000,000 budgetary Trea agreement was signed in Washington today, Secretary of the Treasury John Snyder signing for the United States and Secretary Romulo for the Philippines. The agreement permits the Philippine Government to use the unexpended funds which the United States Government has in the Philippines amounting to \$35,000,000, to be repaid in 10 years but without prejudice to any pending claims which the Philippine Government may have against the fund.

The President declines to accept the resignation tendered by Judge Mariano H. de Joya as a member of the Integrity Board. De Joya gave as the reason for his resignation the fact that there are other government boards investigating "alleged irregularities in the government service", but the President states that their duties and jurisdictions are distinct and the judge must continue to contribute his "valuable efforts in the proper cleansing of the Government of undesirable elements".

The Cabinet rejects a SCAP proposal to increase the amount of trade between the Philippines and Occupied Japan from \$30,750,000 to \$40,250,000. It approves a recommendation from the Department of Public Works for the inclusion of a dredging project for Manila Bay as a supplementary item in the program of work for the rehabilitation of Philippine ports financed by United States aid. It also authorizes the Government Service Insurance Board to purchase P500,000 worth of 4% government rehabilitation development bonds and P500,000 worth of 15-year, 6-1/2% Manila Electric company bonds.

Nov. 8—The President issues the following statement after further conversations with the Foster group:

"We followed up our conversation with ECA Administrator William C. Foster today. We are closing in and we have reached a common ground where we have practically come to a common understanding regarding the completion of the program of execution of the Bell recommendations could be carried out. I am calling a meeting Thursday morning of the Council of State, the National Economic Council, the Monetary Board, and other members of the sub-committees so that I may submit to them the outline of action which is in accordance with our meeting this morning and which we consider workable. It is my hope that the formulae we evolved this morning will be acceptable to the three top advisory bodies. . . . It is a nice formulae."

Nov. 9—A Malacanan press release states that the three top Philippine advisory bodies which met today "found acceptable the idea of 'equal partnership and joint responsibility' in carrying out the program of assistance". The President submitted two proposals, one his own and the other Mr. Foster's.

The President's:

"We will organize a body to be composed of Filipinos and Americans. The majority of this body will be Filipino and the rest Americans, either as experts or representatives of the United States. This will correspond to the OEEC of the United States. It will study and distribute the allocation of funds in accordance with a program of assistance similar to that extended to countries of Europe. This

"**A**T the very moment that the Soviet Union was staking its claims at the expense of the Chinese people and was stripping Manchuria of its extensive industrial apparatus, the United States was giving generously of its substance to relieve the sufferings of the war-devastated countries, including China and the Philippines, and was getting ready to set the Philippines free and to implement a program for its economic rehabilitation. . . ."

"It will not be lost to the people of Asia who have seen the United States lend the support of its influence and power to achieve the independence of Indonesia, while the Soviet Union stood on the sidelines unwilling to lift a finger

to help because she could not make political capital out of a peaceful settlement of the problem. . . ."

"The resources of the United States have been poured out by the billions of dollars since the war to succor the needy of all nations, to provide assistance to underdeveloped countries, to strengthen the economy of the post-war world. Against this record of so-called 'imperialist' America, we are obliged to set in contrast the non-participation of the Soviet Union in similar activities and its total abstention from all forms of international cooperation in promoting the economic, social, and cultural progress of the world."—CARLOS P. ROMULO, before the United Nations General Assembly's Political Committee, December 7, 1950.

will be assisted by a local body to be a reorganized National Development Company. It can draw from several institutions of the Government, like the Rehabilitation Finance Corporation, National Development Company, and Central Bank experts to compose the technical body to study the industrial and agricultural program and suggest amount of money to be allocated. This body will submit its recommendations to the joint body composed of Americans and Filipinos. Once the joint body approves the recommendations, such recommendations will be submitted to the United States representatives which corresponds to the OSR representatives of the OEAC in Paris, charged with the duty of submitting recommendations to the OEAC for final approval. Then Washington will take the final action on the recommendations of this body. This body will be independent from any agency of the Government.

Mr. Foster's proposal:

"The President will have an advisory body to be composed of the Council of State, the National Economic Council, and the Monetary Board. The President and this body will have the exclusive right to allocate. This body will submit from this group and from the Reconstruction Finance Corporation, the Finance Department, the Agricultural Department, and the development companies the men to constitute a technical body. This body will submit its recommendations to the program of agriculture and industrial development. This technical body will be entirely Filipino. Working side by side with this technical body will be the American group of technical men. This will be the OSR in connection to OEAC in Paris, the OSR for the Philippines. This technical body composed of American and Philippine men who will work side by side with the Filipino technical body. They will be on an equal footing. These two bodies will formulate the program. After they have come to an agreement, it will be submitted to the President of the Philippines and his advisory body for authorization. Then such recommendations will be sent to Washington which will approve or disapprove these recommendations or allocations as suggested by the Philippine technical body. The American group of technical men, another smaller group of technical men can be formed drawing from the American body such experts as may be needed for consultation or advice."

According to the press release, "the following conversation between the President and Mr. Foster evoked applause from the advisory groups:

"The President said: 'I asked Mr. Foster in view of the continued criticism both in the United States and here in the Philippines, to make a study of the propaganda made by others to disparage this Administration, if the Washington Government saw fit to impose upon us the conditions of supervision and control because of lack of confidence on the part of the United States Government in this Administration. I was glad to receive a categorical reply which was prompt, clear, point-blank, and unmistakable.'

"... The President's reply: 'Mr. President, I would not be here now. President Truman would not have sent me here if he had no trust in this Government.' Mr. Foster added: 'Supervision and control are not my words and please do not be disturbed by them. There will be no supervision and control. There will be cooperation. We will form a partnership. We will be sympathetic. We will be advisers in accordance with sound judgment. Our expert advice will be vital to you to carry out the economic program.'

"... The President explained that there is no need for calling a special session of Congress unless Washington may require certain things which will need the authorization of the Philippine Legislature. Implementation of the Bell Report requiring legislation can wait until the regular session of Congress in January, the President explained."

Nov. 10—The President issues Executive Order No. 365 abolishing the National Airports Corporation and transferring its functions and assets to the reorganized Civil Aeronautics Administration. He also issues Executive Order No. 364 abolishing the National Cooperatives and the Small Business Administration, converting into the Cooperatives Administrative Office under the Department of Commerce and Industry. The President takes part in the official inauguration of the new Rockwell Station of the Manila Electric Company. He states, in part: "Here is proof that foreign capital has faith in the country... Why should we Filipinos, in our own country, not show more faith?"

The Cabinet decides it will act on individual cases of lumber companies which apply for authority to employ foreign technicians to handle specialized work. "Permission will be granted only if it can be shown that no Filipinos are at present available to handle the specialized work. The lumber firms also are required to employ Filipinos as understudies of the foreign technicians." The Cabinet also decides to give American Jesuits who entered the Philippines as non-quota immigrants the privilege to stay longer than 5 years provided they apply for extension of their stay.

Nov. 11—The President issues Executive Order No. 367 integrating the National Urban Planning Commission, the Capital City Planning Commission, and the Real Property Board into one organization to be called the National Planning Commission.

Nov. 13—The President issues Executive Order No. 13 fixing new ceiling prices with respect to certain milks, coconuts, and canned sardines. The new law fixed the ceiling prices, but it has increased the memberships of the sub-committee studying the different recommendations of the Bell Report by including members of the opposition.

Following another meeting in Baguio between the President and his advisors and the Foster group, a joint statement is issued concerning an agreement arrived at "based largely on the general recommendations of the Bell Report." The Agreement was subsequently released. (Both the joint statement and the Agreement are published elsewhere in this issue of the *Journal*).

Nov. 15—The President and his party emplane for Vigan, where he will celebrate the 60th birthday anniversary tomorrow.

Nov. 18—The President returns to Manila and receives a courtesy call from United States Secretary of the Navy, Francis P. Matthews who is on an inspection tour of United States naval bases in the Far East and who arrived in the Philippines yesterday.

At a meeting of the Council of State, presided over by the President, it is decided to call a special session of Congress on December 4 to act on various proposed tax measures. The Council creates a committee of 9 members—3 members of the House, 3 of the Senate, and 3 of the Cabinet to prepare the legislation.

The President entertains at luncheon the members of the Honolulu Chamber of Commerce now in the country on a goodwill mission, headed by Urban E. Wild, President of the Chamber. Other members in the party are Miss Mary Mae Wild, Mrs. Ann Grubb, Mrs. Elizabeth Cornelison, A. B. Henderson, B. E. Ayson, and L. Withington.

Nov. 20—The President issues an Executive Order changing the name of the Philippine Information Service to Philippine Information Council.

The 9-man committee of the Council of State meets for the first time, presided over jointly by Senate President M. J. Cuenco and Speaker Eugenio Perez.

Nov. 21—The Cabinet, alarmed over reports of large-scale smuggling in the south, approves the organization of a committee to recommend ways and means of dealing with this as well as violations there of the immigration laws. Losses in revenue due to the smuggling are said to run into hundreds of thousands of pesos. The Cabinet also bans the export of iron and other scrap metals: copper and brass will be allowed to be exported to the United States only. The Cabinet approves the purchase by the Department of Health of 400,000 vials of streptomycin of the Merck brand for resale to the public "in order to stabilize the price."

Nov. 22—The President issues a proclamation declaring Thursday, November 23, 1950, National Thanksgiving Day. This is the first time Thanksgiving Day is to be observed since the establishment of the Republic.

The President releases a letter in which he declined to accept the resignation of Secretary of Finance Pio Pedrosa, who tendered it on November 17 following an unofficial newspaper report from Washington that his ability was questioned there.

Acting Assistant Executive Secretary Marciano Roque, on behalf of the President, promises a delegation of the Photographers Association of the Philippines, headed by Dalmacio Buenaventura, that he will intercede for the approval of import control licenses for photographic materials.

Nov. 24—The President signs an Executive Order providing for the abolition and liquidation of the National Abaca and Other Fibers Corporation, the National Coconut Corporation, the National Tobacco Corporation, the National Food Products Corporation, and the former enemy-owned or controlled corporations or associations transferred to the Government. The Boards of Directors of the abolished corporations are dissolved by the order and their functions will be assumed by a board of liquidators, composed of a chairman and two members to be appointed by the President. This board will dispose of all the properties and assets. Each of the dissolved corporations, however, will continue as a body corporate for 3 years for the purpose of any suits at law to be developed in connection with the liquidation. Officials and employees of the corporations will be entitled to a gratuity equivalent to a month's salary for every year of continuous service. The four big corporations have a combined authorized capital of ₱52,500,000, of which ₱17,918,847 was paid up. The net proceeds of the liquidation will accrue to a special fund for the rehabilitation and development of the abaca, copra, and tobacco industries. The trading functions of the abolished corporations will be assumed by PRISCO. The Bureau of Plant Industry will undertake the improvement in the processing of abaca, copra, and tobacco.

The President accepts the credentials of the new Argentine Minister, Jose Bautista Salles, at ceremonies in Malacañan.

Nov. 25—The President creates the Philippine Council for United States Aid to start immediate negotiations with United States representatives to plan the projected development program. He is reportedly drafting an executive order to create the Office of Economic Administrator to take the place of the Department of Economic Coordination, which will be abolished. The new office will correspond to the Philippine Development Authority mentioned in the Bell Report. The Council is composed of the following: former Speaker Jose Yulo, Chairman, Finance Secretary Pio Pedrosa, Central Bank Governor Miguel Cuaderno, University of the Philippines President Bienvenido Gonzalez, Economic Coordinator Salvador Araneta, Philippine National Bank President Vicente Larmona, Reconstruction Finance Corporation Chairman Placido Manalang, Commissioner Pio Joven, and National Power Corporation Manager Filomeno Rodriguez, members, with Dr. Amando Dalisay, Secretary.

The President receives Senator William F. Knowland (Republican, California) who arrived earlier in the day on his return trip to the United States from a fact-finding tour of Japan, Korea, and Formosa.

Nov. 26—The President entertains Senator and Mrs. Knowland at luncheon at Malacañan.

Nov. 27—The President, on recommendation of the Integrity Board, suspends Director Felipe E. Jose of the Bureau of Labor, pending the investigation of administrative charges brought against him.

The President issues another executive order setting up new ceiling prices for prime commodities.

Nov. 28—The President issues Executive Order No. 376 abolishing the Rural Progress Administration and transferring its functions and assets to the Division of Landed Estates created in the Bureau of Lands.

Nov. 29—The President instructs Secretary Balmaeda, as Chairman of PRISCO, to give away as Christmas gifts to the needy stocks of articles, including clothing, canned goods, and plows and other agricultural implements which was accumulated by PRATRA and remains unused "because the cost price was high."

Nov. 30—Executive Secretary Teodoro Evangelista issues an order that officials and employees of the Executive Office are not permitted to intervene or to make recommendations to the Import Control Administration in connection with applications for import licenses.

Banking and Finance

By C. R. HUTCHISON

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

COMPARATIVE statement of condition of the Central Bank:

	As of Dec. 31	As of Aug. 31	As of Sept. 30	As of Oct. 31
	(In thousands of Pesos)			
ASSETS				
International Reserve	₱460,689	₱446,758	₱491,176	₱596,409
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage				
Loans and Advances	113,306	113,306	113,306	113,306
Domestic Securities	77,047	53,168	66,253	36,208
Trust Account — Securities Stabilization Fund	—	6,848	6,848	6,848
Other Assets	20,390	29,885	31,395	36,123
	₱793,629	₱817,215	₱887,829	₱974,774
LIABILITIES				
Currency—Notes	₱555,576	₱556,911	₱569,764	₱584,871
Coins	74,384	82,557	83,221	84,239
Demand Deposits—Pesos	117,682	125,234	180,141	261,342
Securities Stabilization Fund	2,000	6,848	6,848	6,848
Due to International Monetary Fund	22,498	22,498	22,498	498
Due to International Bank for Reconstruction and Development	2,389	2,388	2,388	2,388
Other Liabilities	2,636	3,590	5,111	16,040
Capital	10,000	10,000	10,000	10,000
Undivided Profits	6,464	5,573	6,242	6,932
Surplus	—	1,616	1,616	1,616
	₱793,629	₱817,215	₱887,829	₱974,774

The International Reserve increased ₱105,233M during October, resulting in the largest month-end balance recorded since June, 1949. From August 1, 1950, to October 31, the reserves increased ₱157MM.

Comparative International Reserve figures and net foreign exchange holdings of other banks since June, 1949, follow in U. S. Dollars:

	Int'l Reserve Central Bank	Net FX Holdings Other Banks	Total
June 30, 1949	\$ 320MM	\$ 20MM	\$ 340MM
December 31, 1949	231	29	260
June 30, 1950	221	43	264
September 30, 1950	246	46	292
October 31, 1950	298	52	350
November 4, 1950	289	53	342
November 11, 1950	284	61	345

"Loans and Advances" dropped to ₱36MM because of a repayment of ₱30MM by the Philippine National Bank. "Domestic Securities" increased ₱7MM, representing further advances to government entities against their paper. Currency notes in circulation increased a further ₱16MM during October and reached the highest figure since February, 1949. "Demand Deposits" of local banks continued to increase another ₱81MM and reflect the larger bank deposits resulting from War Damage payments. The "International Monetary Fund" account dropped ₱22MM during the month due to an IMF loan to the Philippine Government.

On November 7, 1950, the completion of a 10-year loan of \$35MM from the United States to the Philippines was announced. These funds represent the balance of approximately ₱70MM remaining from funds provided by the United States in 1948 to cover claims against that Government by Philippine guerrilla forces.

Money remains easy and most commodities reportedly are being sold on a cash to 15-days basis. The scarcity of

supplies caused by import controls is acute in many lines. An increased number of import licenses were released during the month, but this merchandise will not arrive for some time; meanwhile prices of commodities continue to rise.

The issue of ₱8,000,000 Manila Electric Company 15-year 6-1/2% debentures, offered for sale at par to the public on October 2 through members of the Manila Stock Exchange, was sold out by November 10. The bulk of the issue was reported to have been purchased with War Damage funds by local companies (some inactive) which had to invest locally in order to qualify for the awards.

Credit

By C. W. MULLENBURG

Manager, Credit and Collection Department
International Harvester Company
of Philippines

SEVERAL credit managers have stated that the current lack of inventory eliminates or at least greatly minimizes the problem of credit. Similarly, firms dealing in wanted items in short supply are demanding and receiving cash. It is found, however, that during recent weeks there has been no noticeable change in credit terms but a continuing practice of strictly enforcing standard established terms, keeping credit within assigned limits, and rigidly limiting the period to the time set. This can, in effect, be considered a partial reduction in credit amount limits and a shortening of time. Thirty-day terms are still in effect in a majority of firms, but an increasing minority reports 15-day and 7-day standard terms. In general, collections have continued satisfactory, with the exception of various government corporations whose assets are at the moment inactive pending reorganization.

Several credit executives have recently spent considerable time and effort, both individually and collectively, drawing up plans and outlines for a comprehensive credit manual for use in the Philippines. It is hoped that this credit manual when completed will prove of considerable assistance to all credit managers.

The Association of Credit Men, Inc. (P.I.) reports that some members have found it necessary to withdraw their membership at the end of the last quarter, but it is encouraging to note that new members are being continuously added to the Association so that the total membership remains at about the same level. The services of the Association remain the same, but a survey is currently being undertaken to evaluate these services and to re-examine them to see if some changes might be advantageous in the way of additions or deletions in view of the changed conditions prevailing at this time.

Manila Stock Exchange

By ROY EWING

Swan, Culbertson & Fritz, Inc.

November 1 to 30, 1950.

THE market high for November was on the 3rd with the Mining Share Average at 120.33. A sharp break followed on General MacArthur's strong statement about the presence of Chinese Communist troops in Korea and sent the average to 104.77 on November 7. Between the 7th and 25th, the market fluctuated widely on mixed international and local political developments, the average recovering to 111.97 on the 22nd. The final three market sessions saw extreme weakness in all sections as the market

ing news from Korea caused liquidation. The average closed the month at 100.12, the lowest since late September.

An additional bearish factor was the diminishing fear of devaluation following further study of the Bell Mission Report. This also caused a drop in the price of gold on the free market to around P116 as compared to over P130 in October.

The proposed new taxes also caused concern and tended to offset the satisfactory reports of productions and earnings from the operating companies.

As a group, the gold shares suffered more than the base metals or sugars because producers of "necessities" will be in a more favored position as regards supplies in the event of the spread of war.

During the two periods of weakness the selling at no time reached panicky proportions and the volume of business done was small on the sell-off. At present writing it appears likely the market will remain a quiet affair pending international developments, which will remain the principal influence.

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 November numbered 567, with a total value of P8,638,156, of which 164, with a total value of P5,092,409, represented sales within Manila proper, and 403, with a total value of P3,545,747, sales in the suburbs.

Among the larger properties which changed hands during the month were:

A property with a tract of 201,054 square meters in Balintawak, Caloocan, sold by Ateneo de Manila to the Monja Estate, Inc., for P900,000;

A 3-story concrete building with a lot of 1,067.2 square meters at Desmarais Street, Binondo, the former "Gibbs Building", sold by Ernesto Oppen, Jr. to Florencio and Angel Reyes for P835,000;

A property with a lot of 621.6 square meters in Nueva Street, Binondo, sold by Pablo Alcazar Tan to Madrid Import & Export Corp. for P172,000;

A property with a lot of 14,217.8 square meters in Santa Ana sold by Antonio Ferrer y Gutierrez to Joaquin Cuatico for P150,000;

A 3-story semi-concrete building with a lot of 86.1 square meters at Desmarais Street, Binondo, sold by C. G. Nazario to Exequiel Florio for P150,000; and

The transfer of several properties in San Nicolas, Paco, Santa Cruz, and Quiapo, by Primitivo and Leonarda Garcia to the corporate name Zosima, Incorporated, for P2,400,000.

Real estate mortgages placed in the Greater Manila Area during the month numbered 363, with a total value of P5,825,294, of which 132, with a total value of P2,738,934, are in Manila proper, and 231, with a total value of P3,086,360, are in the suburbs.

Monthly figures of sales and mortgages, as compiled from reports of the offices of the Register of Deeds of Manila and suburbs, are:

REAL ESTATE SALES

(January to November, 1950)

Month, 1950	Manila		Suburbs		Combined	
	No.	Value	No.	Value	No.	Value
January	247	P4,486,846	474	P3,554,460	741	P8,041,306
February	260	3,007,289	404	3,703,126	644	6,710,415
March	239	2,660,652	453	3,564,944	694	6,225,596
April	146	1,757,508	331	3,176,939	497	4,934,455
May	225	2,715,108	413	2,567,944	638	5,283,152
June	196	3,508,044	405	2,180,895	601	5,688,939
July	180	2,995,048	363	3,063,272	545	6,058,320
August	159	3,741,753	395	3,124,418	564	6,866,153
September	184	4,585,616	406	3,174,828	590	7,760,444
October	238	4,859,314	355	2,237,727	593	7,097,041
November	164	5,092,409	403	3,545,747	567	8,638,156
CUMULATIVE	2248	42,404,567	4426	33,681,400	6674	76,085,967
AVERAGE	204	3,854,961	402	3,061,945	607	6,916,906

REAL ESTATE MORTGAGES

January	139	P3,054,080	216	P2,837,526	355	P5,891,606
February	191	3,427,844	223	3,141,507	414	6,569,351
March	151	5,132,988	222	2,946,605	413	8,079,593
April	131	3,928,477	202	3,688,383	333	7,616,860
May	171	4,088,336	245	2,763,435	416	6,851,771
June	164	3,197,950	199	2,568,163	363	5,766,113
July	137	4,894,106	182	2,305,606	319	7,201,712
August	111	2,286,501	191	4,127,315	302	6,413,816
September	145	6,262,137	201	3,018,234	346	9,280,371
October	151	5,770,100	184	1,969,130	335	7,739,230
November	132	2,738,934	231	3,086,360	363	5,825,294
CUMULATIVE	1653	44,780,083	2306	31,133,074	3959	73,273,105
AVERAGE	150	4,070,917	210	2,830,279	360	6,661,191

MINING SHARES						
1949-50 High	Range	Low	High	Low	Close	Total Sales
128.83	60.32	M.S.E. Mining Share Ave.	120.33	100.12	100.12	OR 9.05 10,892,155
0.375	0.09	Ancoje Mining Co.	0.23	0.18	0.17b	511,000
0.024	0.011	Ateneo Goldfields Mining Co.	0.032	0.03	0.026b	795,000
0.68	0.26	Atok-Big Wedge Mining Co.	0.425	0.36	0.34b	550,000
0.0725	0.04	Baguio Gold Mining Co.	0.09	0.065	0.06b	165,000
3.75	2.00	Bestroc Mining Co.	2.40	2.15	2.00b	9,460
0.0052	0.0025	Batang Buhay Gold Mines	0.0051	0.0035	0.0028b	1,500,000
5.30	2.50	Benguet Cons. Mining Co.	4.25	3.80	4.00	OR 0.25 13,077
0.05	0.012	Coco Grove, Inc.	0.035	0.03	0.03	285,000
0.014	0.0078	Consolidated Mines, Inc.	0.011	0.0105	0.0105	3,145,000
0.235	0.14	HIXBAR	0.235	0.14	0.16b	824,200
0.115	0.038	Ithogan Mining Co.	0.105	0.075	0.08	OR 0.015 340,000
0.08	0.025	I.K.L. Mining Company	0.06	0.05	0.055a	57,000
0.90	0.17	Lepanto Cons. Mining Co.	0.84	0.65	0.65	OR 0.19 883,200
0.035	0.016	Masbate Cons. Mining Co.	0.05	0.034	0.027b	440,000
0.71	0.31	Mindanao Mother Lode	0.66	0.55	0.57	OR 0.08 628,000
0.22	0.025	Misamis Chromite, Inc.	0.04	0.035	0.03a	50,000
0.08	0.03	Paracale Gunuaus Cons.	—	—	0.09a	—
0.22	0.105	San Maurice Mining Co.	0.20	0.19	0.21a	10,000
0.344	0.12	Surigao Cons. Mining Co.	0.33	0.27	0.26b	424,000
0.043	0.01	Suyoc Cons. Mining Co.	0.015	0.015	0.013b	50,000
0.11	0.04	United Pacific Mining Co.	0.075	0.065	0.05b	60,000

COMMERCIAL SHARES						
93.00	59.00	Bank of the Philippine Islands	91.00	91.00	87.00b	11
82.00	51.00	Central Azucarera de Bali	—	—	82.00a	—
200.00	111.00	Central Azucarera de Carlota	175.00	174.00	174.00a	62
38.00	20.50	Central Azucarera de Tacloban	35.00	35.00	38.00a	154
200.00	185.00	China Banking Corporation	—	—	220.00b	—
27.00	23.50	Filipinas Cia. de Seguros	—	—	26.50b	—
1.30	0.55	Manila Broadcasting	0.55	0.55	0.56a	1,000
4.00	2.00	Santa Rosa Mining	—	—	2.80b	—
0.82	0.30	Pampanga Bus Company	0.40	0.40	—	4,870
0.165	0.04	Philippine Oil Development	0.065	0.06	0.045b	131,000
1.30	1.00	Philippine Racing Club	—	—	1.45a*	—
38.00	24.50	San Miguel Brewery—Com.	34.00	32.00	32.00	OR 3.00 19,768
100.00	95.00	San Miguel Brewery—7% Pfd.	97.00	97.00	95.00b	170
104.00	100.00	San Miguel Brewery—8% Pfd.	102.00	101.00	101.00b	195

*Sz-Dividend.

OVER-THE-COUNTER

	High	Low	Close	Total Sales
Jai-Alai Corp.	4.00	4.00	—	350
Manila Jockey Club	2.00	2.00	—	7,827
Phil. Amer. Drug Co.—Common	135.00	135.00	—	20
Santa Rosa Mining	0.001	0.001	—	115,000
Victoria Milling	230.00	200.00	—	1,337

Electric Power Production

(Manila Electric Company System)

J. F. CORTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	KILOWATT HOURS	
	1950	1949
January	37,661,000	33,745,000
February	33,828,000	31,110,000
March	38,107,000	34,776,000
April	35,377,000	33,048,000

May.....	37,611,000	34,453,000
June.....	37,529,000	34,486,000
July.....	38,774,000	35,726,000
August.....	39,872,000	35,394,000
September.....	38,791,000	35,763,000
October.....	40,657,000*	37,461,000
November.....	39,270,000**	35,856,000
December.....		38,673,000
Total.....		420,491,000

* Revised
 ** Partially Estimated

OUTPUT in November was 3,414,000 kwh or 9.5% over last year. The output per day was nearly identical with October. The system is now capable of carrying full load without danger of interruptions under normal conditions.

Port of Manila

By R. L. MOORE

Treasurer, Luzon Brokerage Company

THE anticipated increase in business for the month of November was never forthcoming, the exact reason, not known to ourselves. Suffice to state that the continued lack of business of incoming cargo poses a serious threat to the continued survival of many business houses. The customs brokers do not escape the same threat, for, after all, the imports are the principal means of our bread and butter, and we on the waterfront receive the first impact.

The Customs Brokers Association representing virtually all brokers in Manila saw fit to request a substantial increase in the present rates for brokerage and trucking

from the piers. In the case of the brokerage rates, a public hearing was held in the Office of the Collector of Customs, Mr. Melecio Fabros, at which the opinions of business representatives in connection with the request for increase were invited. Insofar as the brokers are concerned, there is an absolute necessity for increased rates as they have long been performing brokerage work at a loss due to the much decreased volume of imports and the much increased paper work. There is room for question perhaps as to the exact amount of increase to be agreed upon, but there can be none as to the need for an upward revision.

In the case of the trucking rates, where losses also have been long sustained by the brokers, the matter will be settled by the Public Service Commission in the same manner that utilities such as light, water, etc., are decided upon by this Commission.

The Commissioner of Customs, Mr. Alfredo V. Jacinto, has announced a revolutionary change in the case of the handling of air cargo; henceforth all such cargo will be cleared at the airport. The previous arrangement was irregular and was only brought about because of the immediate need, post-war, for the airlines to deal with the problem of cartage and transportation to and from the airport in the absence of any such services by the commercial houses at that time.

Ocean Shipping and Exports

By F. M. GISPERT

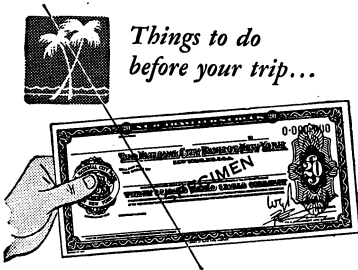
Secretary, Associated Steamship Lines

TOTAL exports for the month of October of this year showed a considerable increase over exports during October of last year.

102 vessels lifted 290,487 tons of exports during the

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month, as compared to 151,071 tons lifted by 85 vessels during the same month last year.

Commodities which have registered a sharp increase over last year's figures for the same month, are: concentrated copper from 2,845 to 8,956 tons; hemp from 39,140 to 82,113 bales; junk metal from 771 to 7,439 tons; logs from 1,878,024 to 10,165,002 board feet; lumber from 2,764,095 to 20,560,518 board feet; chrome ore from 4,000 to 23,451 tons.

Exports for October, 1950, as compared with exports during October, 1949, were as follows:

	1950	1949
Alcohol	35 tons	35 tons
Buntal fiber	13 "	19 "
Cigars and cigarettes	10 "	1 "
Coconut, desiccated	12,578 "	11,125 "
Coconut oil	6,858 "	7,065 "
Concentrates, copper	8,956 "	2,845 "
Concentrates, gold	459 "	452 "
Copra	75,400 "	55,445 "
Copra cake/meal	6,000 "	7,135 "
Embroideries	255 "	191 "
Empty cylinders	362 "	600 "
Fish, salted	10 "	19 "
Foods, canned	11 "	25 "
Furniture, rattan	1,526 "	541 "
Glycerine	226 "	136 "
Gums, copal	77 "	77 "
Hemp	82,113 bales	39,140 bales
Household goods	468 tons	141 tons
Junk metal	7,439 "	771 "
Logs	10,165,002 bft.	1,878,024 bft.
Lumber	20,560,518 "	2,764,095 "
Molasses	4,203 tons	3,333 tons
Plywood	59 "	"
Ores, chrome	23,451 "	4,000 "
" iron	41,531 "	33,401 "
" manganese	8,437 "	1,795 "
Pineapple, canned	723 "	3,641 "
Rattan, palasan	504 "	181 "

Rope	648 "	177 "
Rubber	139 "	137 "
Shells, shell waste	146 "	19 "
Skins, hides	80 "	66 "
Sugar	13,662 "	"
Tobacco	412 "	13 "
Vegetable oil products	26 "	19 "
Transit cargo	10 "	194 "
General merchandise	1,381 "	2,654 "

Mines

By NESTORIO N. LIM

Secretary, Chamber of Mines of the Philippines

THE gold production for September and October was bigger than the production for July and August.

The increase was due to the bigger tonnage of gold ore milled during the two-month period. The average recovered gold value per ton of ore milled remained about the same for the past four months; it ran as follows: July, ₱17.70; August, ₱18.70; September, ₱17.90, and October, ₱18.50. The recovered gold value per cubic yard of gravel in placer gold was ₱0.46. The recovered gold content of Lepanto Consolidated copper ore per ton was ₱6.80 for September and ₱7.30 for October. Among the gold lode mines Mindanao Mother Lode has the highest gold recovered value per ton, ₱30 for September and ₱40.60 for October.

The promised measures in the Import Control Office to give top priority to the mining industry, which is a dollar producing industry, have not been realized. Licenses for much needed machine parts, explosives, and chemicals and supplies continue to pile up in the files of the Import Control Office. The changes in the Import Control Administration have not facilitated the approval of mining applications, and the delay remains the same.

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The mining industry is again facing the problem of increased taxation even though it is not yet on its feet. Only 27% of the pre-war producers are rehabilitated. Rehabilitation is slow due to lack of capital, high cost of production, scarcity of machinery and supplies, the uncertain market, and the peace and order situation, in addition to problems met in the Import Control Office. Mine taxes have been already a heavy burden, and though there was a move to ask for a reduction of taxes in the early part of 1949, this was not carried through when 75% of the gold bullion of each producer was allowed to be sold in the

free market within the Philippines. Any increase in the present taxes will be highly detrimental to the industry. The marginal profit is already too small for the risk involved.

Capital for the development of new mines should be encouraged. The producers should be allowed to buy machinery, supplies, chemicals, and other necessities for exploration, development, and exploitation without further delay. And new mining enterprises should be allowed to explore, develop, and come into production before taxes are levied.

PHILIPPINE GOLD MINE PRODUCTION

September and October, 1950

Mining Companies		Tonnage		Value of Gold	Oz. Silver	Value of Silver	Total Value
		Short Tons	Oz. Gold				
Atok-Big Wedge Mining Co., Inc.	Sept.	13,500	4,311	P 301,737	2,746	P 3,900	P305,637
	Oct.	14,291	4,304	300,817	2,708	3,845	304,662
Balatoc Mining Company	Sept.	39,575	6,704	469,070	4,000	5,840	474,910
	Oct.	40,651	7,405	518,350	4,242	6,007	524,357
Benguet Consolidated Mining Co.	Sept.	27,749	5,530	387,100	3,300	4,818	391,918
	Oct.	29,273	7,389	517,230	4,233	6,048	523,278
Lepanto Consolidated Mining Co.	Sept.	27,827	2,690	188,328	—	—	188,328
	Oct.	29,090	3,022	211,526	—	—	211,526
Mindanao Mother Lode Mines, Inc.	Sept.	9,900	5,693	394,523	5,114	6,875	401,398
	Oct.	10,900	4,648	321,641	5,658	7,578	329,219
Surigao Consolidated Mining Co.	Sept.	9,040	3,081	215,670	2,069	3,103	218,773
	Oct.	9,000	3,100	217,000	2,489	3,104	218,045
Surigao Placer Syndicate	Sept.	43,000 Cu. yds.	277	19,386	—	—	19,386
	Oct.	43,000 "	263	18,410	—	—	18,410
Tambis Gold Dredging Co., Inc.	Sept.	27,472 "	154	9,100	—	—	9,100
	Oct.	26,462 "	172	10,500	—	—	10,500

(X) Lead, Copper, or Zinc values are not included.

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Lumber

By LUIS J. REYES

Philippine Representative, Penrod, Jurden & Clark Company

A NEW record was made by lumber producers during the month of October. Whereas in the previous month there was shipped a total of 18,459,867 board feet, the highest since liberation up to that time, a still greater total was exported during the month of October,—30,125,215 board feet, mostly to Japan and the United States. This high record is even greater than the average monthly shipment for 1937, when the lumber export totalled 251,695,000 board feet for the year, the bulk of which also went to Japan.

The record shows that exports to Far Eastern countries went principally to Korea (through Japan), and to the United States, which took almost 8,500,000 board feet. The rest went to South Africa, Canada, Hawaii, Guam, Hongkong, and Formosa.

According to the Bureau of Forestry, shipments for the month of October were as follows:

Destination	Lumber (Bd. ft.)	Logs (Bd. ft.)	Total (Bd. ft.)
United States.....	4,047,618	4,419,378	8,466,996
Canada.....	53,057	96,960	150,017
Japan and Other Far Eastern Countries.....	12,876,631	7,443,824	20,320,455
Hawaii and Guam.....	138,866		138,866
South Africa.....	187,548	861,333	1,048,881
Total.....	17,303,720	12,821,495	30,125,215

Shipments to the United States also showed a million board-feet increase over that of the previous month and would have been greater had it not been for the urgent requirements of the United Nations in Korea, which had been given a high priority. Members of the Philippine

Lumber Producers' Association have done their best with their mills, which are not as yet fully rehabilitated. Besides SCAP requirements, the pre-war Japanese importers are buying large quantities of logs to feed the veneer mills. Prices paid by Japan for peeler logs are now similar to those paid in America. While the bulk of the plywood made from our woods is used in Japan, some, it is said, finds its way to America and Australia.

The prices obtained by Philippine producers for export shipments to Japan are about the same as those realized by them in the Philippine markets, but the big volume of shipments had a moralizing effect on the Philippine producers for the reason that prices have remained almost at the same level during September and October as in January to March, when the building season starts. August, September, and October, as a general rule, are lean months when producers break only about even in their operations.

In the Manila market, wholesale prices are as follows:

Tangile.....	₱200 to ₱210 per M bd. ft.
Apitong.....	190 per M bd. ft.
White Lauan.....	185 per M bd. ft.

It is likely that these prices will be maintained during the next three months as we are heading into the dry season, when building construction will start in earnest.

Copra and Coconut Oil

By H. DEAN HELLIS

Manager, Philippine Refining Company, Inc.

October 16 to November 15

THE copra and coconut oil markets during the period under review have been more quiet and perhaps less spectacular as far as demand has been concerned than in recent periods since the outbreak of the Korean hostilities. The trend in prices, however, has been generally slowly

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Line Material Company
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Mercator Corporation
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Pioneer Engineering Works
Shepard Elevator Company

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Stapples and Tieffer
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and steadily upward, due more than anything else to a rather strong situation in the United States fats and oils picture. Prices there have continued surprisingly high for this time of the year, particularly with regard to tallow and cottonseed oil. Some traders have felt them to be unduly and dangerously high, and subject therefore to a sharp break downward at almost any time. This downward reaction, of course, has not yet occurred, and consequently coconut oil has been a little more in demand by way of partial substitution for other oils than otherwise might have been the case, particularly in the field of edible requirements.

Europe, on the other hand, has shown relatively little interest in Philippine supplies, the disparity in price with copra available from the sterling areas being insufficient to make purchases here attractive. Due to the shortage of dollars, European countries naturally prefer to buy from the sterling areas, even though the price may appear to be high in comparison with dollar values converted to sterling at the official rate of exchange. It is generally only when this disparity becomes sufficiently pronounced to make business really attractive, or perhaps on those occasions when the immediate overall demand exceeds available supplies, that we find Europe actually has much of an incentive for purchasing Philippine copra or coconut oil.

The supply situation here in the Philippines has continued seasonably very good, though it will not be long now before we come to the end of the heavier copra production months. We definitely should see a falling off in production and corresponding exports during the early part of next year, which incidentally will come at a time when probably a shortage of cottonseed oil may begin to be felt in the market, as a result of the smaller cotton crop this year in the United States.

As far as Philippine copra is concerned, however, we have been very fortunate this year in that we have had little or no heavy typhoon damage in any of the heavy coconut producing regions. Weather and climatic conditions have been exceptionally good, and, therefore, barring the unforeseen, we should reasonably be able to expect an excellent crop of coconuts in 1951. The chances are, however, that this will not become apparent until the second half of next year when production is generally at its heaviest.

There are no new developments to report this month regarding ocean-going freight space. There presently appears to be sufficient space available to all potential destinations. Future probabilities, however, will depend largely upon the turn of events in the international situation.

As reported in an earlier issue, freight rates on copra, coconut oil, and copra meal from the Philippines to the United States will be increased \$4 per ton effective December 2. It may very well be that Philippine sellers will have to absorb most or all of this increase in lower net prices.

Prices of export copra opened for the period under review with buyers at around \$200 c.i.f. Pacific Coast, while sellers had ideas of from \$205 to \$210 c.i.f. These prices advanced slowly and gradually to where at close business was done at \$225 c.i.f., with sellers asking \$227.50 to \$230 c.i.f.

Also at close, Philippine sellers were asking around \$266 per long ton c.i.f. European ports, landed weight basis, which at the official rate of exchange is the equivalent of £95-0-0. As Straits copra was available at £102-0-0, and as a £7-0-0 per ton difference in price provides insufficient incentive to European buyers, there was no apparent buying interest for supplies from here.

Locally in Manila, prices ranged from about ₱38 at opening to around ₱41 or ₱42 at close, with arrivals being generally satisfactory throughout the entire period. In Cebu, prices on the average ran one to two pesos higher than in Manila.

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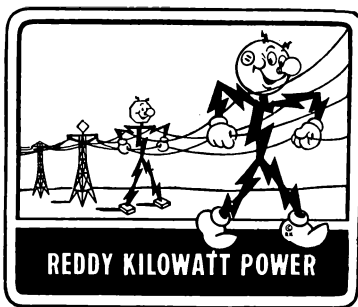
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Similar to the gradual advance in copra prices during the period, coconut oil values in the United States increased about 1½ cents per pound. Bulk oil business at close was done at 18 cents c.i.f. Atlantic Coast, while buyers on the Pacific Coast were expressing ideas of 17 cents f.o.b. tank cars for December deliveries.

COPRA exports during the month of October, 1950, continued fairly heavy, amounting to 75,400 tons, as compared to 76,774 tons during September, 1950, and only 55,445 tons during October, 1949. The total for the January through October period in 1950 amounted to 530,359 tons, against 462,462 tons for the same period last year. October, 1950, exports are broken down as to destination as follows:

United States	
Pacific Coast	32,150 long tons
Atlantic Coast	4,622 " "
Gulf Ports	2,952 " "
Canada	4,050 " "
Japan	2,790 " "
Trieste	1,600 " "
Italy	5,350 " "
Sweden	2,000 " "
Holland	7,500 " "
Hamburg	500 " "
Belgium	3,800 " "
France	1,200 " "
Norway	500 " "
Columbia	4,586 " "
Venezuela	1,300 " "
Europe Optional	500 " "

75,400 long tons

Coconut oil exports for October, 1950, amounted to 6,858 tons, as compared to 10,666 tons during September, 1950, and 7,065 tons during October, 1949. The total exports for the January through October period in 1950 amounted to 53,483 tons, against 53,225 tons for the same period last year.

October, 1950, exports of coconut oil are broken down as to destination, as follows:

United States	
Atlantic Coast	5,454 long tons
South Africa	379 " "
Italy	525 " "
Holland	500 " "

6,858 long tons

In connection with exports, the following information quoted from a special report prepared by the United States Department of Commerce is of general interest:

"Although shipments of copra and coconut oil from the Philippine Republic in the first half of 1950 lagged 5% behind those of the comparable period of 1949, the substantial volume that has moved out in July-October has resulted in total shipments in the first 10 months of this year of 615,000 long tons, copra equivalent, or 12% more than exported a year earlier. Of this total, the United States has received 426,000 tons, copra equivalent, 69% of the total, as against 373,000 tons, 68%, in January-October, 1949. The additional 52,000 long tons consigned to the United States thus far this year is equivalent to 73,000,000 pounds of coconut oil."

The market for Philippine copra cake and meal on the Pacific Coast has improved slightly during the period under review to a point where \$57 c. and f. per short ton is presently available, particularly in the northwest around Seattle and Portland. Europe still has no further interest in Philippine supplies due to the lack of dollars.

SUMMARIZING the overall situation as to copra and coconut oil, it would appear that market probabilities are at present somewhat obscure and uncertain. Prices in general are higher than were anticipated for the period under review, caused primarily by the strength in United States domestic oils and fats. This latter situation, however, may not last for long, as at this particular time of the year these markets should show a relatively easier tendency. Conditions, though, are far from being normal anywhere, and consequently we feel that the unexpected can well

continue to happen. Undoubtedly, for the time being anyway, prices for Philippine copra and coconut oil will be geared to and influenced largely by the market for domestic oils and fats in the United States, as also by any unforeseen turn of events one way or another in the international situation.

Desiccated Coconut

By HOWARD H. CURRAN

Assistant General Manager

Peter Paul Philippine Corporation

THIS report covers the period from October 15 to November 15, 1950. During this period nut prices continued to rise. The labor front is quiet.

Shipping statistics follow:

Shippers	Pounds
Franklin Baker Co.....	4,974,400
Blue Bar Coconut Co.....	1,688,860
Peter Paul Philippine Corp.....	2,650,000
Red V Coconut Products.....	2,777,500
Sun-Ripe Coconut Products.....	951,000
Standard Coconut Products.....	345,500
Cooperative Coconut Products.....	594,400
Tabacalera.....	518,000
Coconut Products of the Philippines Inc.....	626,500
Luzon Desiccated Coconut Corp.....	0
	<hr/> 15,126,160
Note:	
Zamboanga Factory Production.....	721,740 lbs
Luzon Factory Production.....	967,120 "
Total Blue Bar shipment.....	1,688,860 "
Peter Paul Production.....	2,400,200 "
Standard Coconut Production.....	240,800 "
Total Peter Paul Shipment.....	2,650,000 "

Sugar

By G. G. GORDON

Secretary-Treasurer

Philippine Sugar Association

THIS review covers the period November 1 to November 30 inclusive.

The month opened with a dull market, sellers for delivery November/December being unable to interest any buyers at the offering prices of 6.25¢ and 6.20¢. On November 4 unfavorable developments in the Korean war situation were stated to be responsible for an advance of 12 to 14 points in future quotations. This however had no influence on the market for nearby sugar, buyers remaining indifferent to offers of November/December arrival at 6.20¢. Futures advanced a further 5 to 11 points on the 7th, but started to ease off on the 9th. On the 10th Cubas for late November shipment were taken at 6.20¢ and the market was reported steady. On the 11th there were sellers of Cuban, Hawaiian, and Philippine sugar for November/December arrival at 6.20¢, also of Cubas for January shipment at 6.10¢ and for February shipment at 5.90¢, but there were no buyers. It was reported on the 14th that refiners showed no interest in old crop offerings, but that new crop sugars guaranteed to arrive in January could probably be sold at 5¢.

On November 15 a sale of 2,000 tons Philippines for December/January shipment was sold to an operator at 5.81½¢. Futures continued to decline. New crop Cubas were not being offered.

22,000 tons Hawaiian sugar for November/December arrival was sold on the 18th at 6.18¢, and small sales of Cubas for December shipment were made at the same price level. On the 21st there were sellers but no buyers for Hawaiian sugar December arrival at 6.18¢. Philippine

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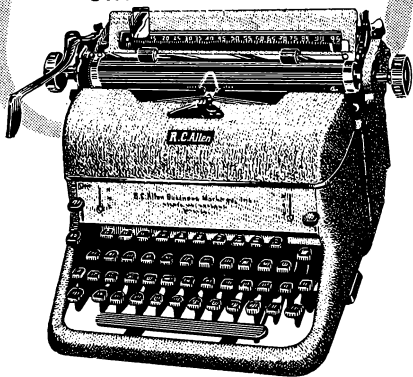
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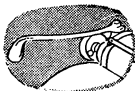
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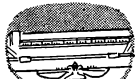
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sugar afloat was offered at the same price, also 4,000 tons Philippines for December shipment were offered at 5.80¢ but buyers were not interested.

It was announced that the U. S. Department of Agriculture would hold hearings on the United States quota for 1951 on November 28, and the opinion was held that there would not be much market activity until the hearings had terminated. The market continued dull and there were sales of Philippines for December/January shipment at 5.70¢. However on November 28, the futures quotations advanced substantially under the influence of the adverse war news, though the nearby situation was not affected at first. November closed on a much firmer note, there being sales of Philippines for early January arrival at 6.15¢, while Cubas for late January shipment were taken at 6.05¢. The futures market closed strong, and spot was quoted at 6.13¢.

The uncertainty caused by the darkening war situation is undoubtedly responsible for the sudden change in the market tendency.

We give below the quotations on the New York Sugar Exchange as of November 30 for contract No. 6:

January	5 66
March	5 35
May	5 37
July	5 40

The world market contract No. 4 quotations closed as follows on November 30:

January	5 20
March	5 04
May	5 01
July	5 00
September	5 01

The world market spot price on November 30 was 5.30¢ f.o.b. Cuba as compared with 5.85¢ on October 31. However it will be noted that the futures market has advanced substantially over last month's closing quotations.

DURING the month negotiations were concluded with the Associated Steamship Lines which resulted in the conference freight rate on Philippine sugar for 1950/51 crop year being fixed at a total cost to shipper of \$15.50. The actual freight rate is \$15.10, but shippers are required to absorb that portion of the stevedoring charges at Atlantic ports which is in excess of the rate charged on Cuban sugar. This difference at present amounts to 40 cents U. S. per long ton.

THE actual outcome of the 1949/50 Philippine crop as per the mill records compiled by the Philippine Sugar Association was 684,603 short tons, as compared with the original estimate of 823,135 tons. The records show that during the year 467,040 short tons were exported to the United States which is less than 50% of the allotted quota.

Local Market. (a) Domestic Sugar: The Government promulgated an order fixing ceiling prices on domestic sugar sales as follows:

	Unit	Producer's Wholesale Retail		
		Price	Price	Ceiling Price
Refined Sugar	100#	₱15.40	₱16.50	₱17.30 0.38/K
Washed Sugar 99°	63 25K	17.68	19.45	20.87 0.33/K
Washed Sugar 98°	63 25K	16.08	17.70	18.98 0.30/K
Golden Brown 97°	63 25K	15.00	16.50	17.70 0.28/K
below 98°				0.28/K
Golden Brown below 97°	63 25K	13.40	14.73	15.80 0.25/K
Refined Sugar packed in cellophane or cotton bags		₱0.05 additional per kilo.		

The month opened with quotations on centrifugal sugar of 97° polarization at ₱15.50 and on washed sugar 99° polarization ₱18.50. The month closed with a weaker tone evident with quotations from 50 cents to ₱1.00 lower. The quota allocated for domestic consumption of 225,000

short tons is considered more than ample for requirements and at present it would appear that prices may run below the ceilings established.

(b) **Export Sugar:** Business has been confined to sugar for early shipment, and for prompt P14 has been paid. The quotations forward, being based on the New York future market, have been at lower levels, and little or no business has been done. Under present circumstances it would seem improbable that any commitments are likely for other than early shipment.

Manila Hemp

By FRED GUETTINGER

Vice-President and General Manager
Macleod and Company of Philippines

THIS report covers the period from October 16 to November 15, 1950. During the greater part of the period the New York market was very quiet, with prices remaining at approximately the same level as at the opening. About ten days before the closing the market assumed a firmer tone, and in that short period, prices went up as much as one cent per pound. London was buying steadily throughout the period paying good prices, but not in large quantities. Business with Japan was small since the bulk of the quotas was sold by most exporters before mid-October.

New York Quotations:

	Per lb. c.i.f. New York		
	October 15	November 15	Change
Davao I.....	26-1 2	27-1 2	+1
Davao J.....	26-1 4	27-1 4	+1
Davao G.....	25-1 4	26-1 4	+1
Non-Davao I.....	26-1 8	26-7 8	+3 4
Non-Davao JI.....	25-1 2	26-1 4	+3 4
Non-Davao G.....	21-1 4	22	+3 4

Prices in the Philippine provincial markets advanced from P1 to P2 for Davao grades and from P3 to P3.50 for non-Davao grades.

Philippine Provincial Quotations:

	Per Picul Basis Loose		
	October 15	November 15	Change
Davao I.....	P60.00	P62.00	+ P2.00
Davao JI.....	58.00	60.00	+ 2.00
Davao G.....	56.00	57.00	+ 1.00
Non-Davao I.....	56.00	59.50	+ 3.50
Non-Davao JI.....	55.00	58.00	+ 3.00
Non-Davao G.....	44.00	47.00	+ 3.00

Production in October was 76,253 bales, and was only 341 bales less than the pressings of September, 1947, which so far is the month with the highest output in the post-war period. October Davao pressings were 38,986 bales—the highest since the end of the war—or 51% of the total. For the first 10 months of this year pressings totalled 630,594 bales, as compared with 428,800 bales for the same period last year,—an increase of 201,794 bales or 47%.

The following are the comparative figures for balings for the first 10 months of 1947 through 1950:

	Balings—January-October inclusive			
	1950	1949	1948	1947
Davao.....	313,883	179,925	170,693	308,015
Albay, Camarines and Sorsogon.....	147,638	98,243	147,881	210,501
Leyte and Samar.....	104,459	88,029	93,835	82,808
All Other Non-Davao.....	64,614	62,603	98,032	77,436
Total Bales.....	630,594	428,800	510,441	678,760

Exports during October were heavy—75,347 bales, with 42,906 bales or 57% going to the United States, 23,790 bales to the United Kingdom and Continent of Europe, 2,315 bales to Japan, and the rest to various other countries. Total exports for the first 10 months of this year were 590,482 bales, as compared with 383,749 for the same period last year,—an increase of 206,733 bales or 53%.

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The following are the comparative figures for exports for the first 10 months of 1947 through 1950:

	Exports — January-October inclusive			
	1950	1949	1948	1947
United States and Canada	323,319	164,510	230,381	456,180
Japan	58,245	87,993	115,301	9,244
Continental Europe	109,074	79,624	91,782	98,791
United Kingdom	70,124	31,485	54,870	54,110
China	11,767	11,809	10,085	4,231
India	6,730	3,100	1,823	5,150
Korea	3,100	—	—	—
South Africa	5,550	3,627	3,157	6,800
Australia and New Zealand	1,826	1,601	42	4,148
All Other Countries	747	—	2,853	2,075
Total Bales	590,482	383,749	510,294	640,729

Tobacco

By LUIS A. PUJALTE
Secretary-Treasurer

Manila Tobacco Association, Inc.

THE market for tobacco throughout the world shows remarkable improvement compared to previous years. Various European countries, through huge E.C.A. grants and loans, have purchased tobacco very heavily, thus draining the stocks and forcing prices up for the new crops. The *Western Tobacco Journal*, issue of September 26, reported:

"ECA Allocates Leaf Funds.—Washington, D.C. Allocations of \$34,500,000 in Marshall Plan funds for the purchase of leaf tobacco in the United States by Western European nations, brought total allotments for this purpose to \$349,500,000 since the foreign aid program was established, the Economic Co-operation Administration has announced."

With the rise in prices throughout the world, Philippine tobacco is in a better position to compete with other tobaccos.

Spain will purchase its usual share and perhaps more, while Indo-China has purchased heavier of the 1950 than of the 1949 crop. France, North Africa, Belgium, and Holland are also purchasing and will get a share of this crop.

If more of the 1950 crop is sold abroad than has already been contracted for, many important factories which keep only small stocks and depend on wholesale dealers will find that prices will again (same as this year) be up by February or March, 1951.

Imports

By S. SCHMELKE
Mercantile, Inc.

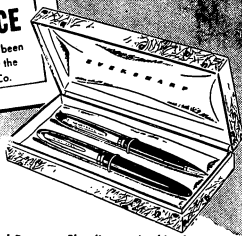
ALL figures are in kilos with the exception of those for foodstuffs which are given in package units.

Commodities	October, 1950	October, 1949
Automotive (Total)	804,210	2,172,293
Automobiles	153,352	195,797
Auto Accessories	318	24,772
Auto Parts	217,293	314,429
Bicycles	14,689	54,435
Trucks	9,970	5,357
Truck Chassis	147,071	654,069
Truck Parts	27,301	69,267
Building Materials (Total)	3,836,010	6,626,353
Board, Fibre	43,171	562,031
Cement	30,746	85,671
Glass, Window	275,634	853,150
Gypsum	1,124,920	501,817
Chemicals (Total)	6,744,421	3,404,596
Caustic Soda	296,404	583,327
Explosives (Total)	—	55,304
Firearms (Total)	2,972	17,441
Ammunition	2,180	13,693
Hardware (Total)	4,468,063	4,213,779

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Household (Total).....	854,845	1,815,719
Machinery (Total).....	1,106,453	2,496,483
Metals (Total).....	8,727,174	8,957,980
Petroleum Products (Total).....	78,532,485	70,608,360
Radios (Total).....	30,364	68,447
Rubber Goods (Total).....	655,810	574,794
<hr/>		
Beverages, Misc. Alcoholic.....	7,261	18,438
Foodstuffs, (Total Kilos).....	17,099,957	50,489,645
Foodstuffs, Fresh (Total).....	187,564	282,618
Apples.....	32,935	40,745
Oranges.....	25,084	21,732
Onions.....	54,663	77,066
Potatoes.....	17,298	21,530
Foodstuffs, Dry Packaged (Total).....	21,268	92,542
Foodstuffs, Canned (Total).....	361,637	401,605
Sardines.....	77,289	104,230
Milk, Evaporated.....	198,493	91,639
Milk, Condensed.....	5,562	27,000
Foodstuffs, Bulk (Total).....	58,656	1,030,740
Rice.....	—	264,958
Wheat Flour.....	29,344	713,859
Foodstuffs, Preserved (Total).....	160	4,641
<hr/>		
Bottling, Misc. (Total).....	705,481	2,959,488
Cleansing and Laundry (Total).....	710,900	466,184
Entertainment Equipment (Total).....	7,395	18,382
Livestock-bulls-seeds (Total).....	4,683	2,211
Medical (Total).....	391,825	449,202
Musical (Total).....	62,270	106,938
Office Equipment (Total).....	57,509	156,395
Office Supplies (Total).....	27,699	51,837
Paper (Total).....	2,933,009	4,782,732
Photographic (Total).....	29,430	94,555
Raw Materials (Total).....	596,268	3,110,169
Sporting Goods (Total).....	36,946	45,015
Stationery (Total).....	187,406	469,958
Tobacco (Total).....	578,577	837,610
<hr/>		
Chucheria (Total).....	55,537	109,984
Clothing and Apparel (Total).....	338,243	510,316
Cosmetics (Total).....	155,659	113,484
Fabrics (Total).....	577,639	1,230,541
Jewelry (Total).....	146	874
Leather (Total).....	213,874	199,761
Textiles (Total).....	2,327,769	4,018,942
Twine (Total).....	28,885	42,733
Toys (Total).....	43,933	233,556
General Merchandise (Total).....	265,817	618,892
Non-Commercial Shipments (Total).....	45,073	56,971
Advertising Materials, etc. (Total).....	27,766	78,454

Food Products

By C. G. HERDMAN

Director, Trading Division, Marsman & Co., Inc.

THERE is very little new to report with regard to food products in this market. Conditions remain intrinsically the same as described in reports in previous months. Import licenses, if issued, are only issued after very considerable delay. In many cases the delays are so great that importers, after finally securing licenses, are only able to secure the necessary merchandise with considerable difficulty and at increased prices and for delayed shipment. Many essential goods are now in very short supply in the United States due to government buying there. At the same time there is difficulty in securing steamer space for prompt shipment. Many vessels have been withdrawn from the trans-Pacific service and those running are carrying large quantities of government shipments for Japan and Korea, the space available for ordinary commercial shipments being very limited.

THE flour shortage in the Philippines has become acute. There are very few bakeries even in Manila which are able to supply the demand of their regular customers because of their inability to secure anywhere near their normal needs of flour. The situation is much worse in the outlying areas. This in spite of the purchases which have been made by PRISCO.

Late in October the Manila Court of First Instance ordered that PRISCO allot flour imports to the so-called "old importers" and it was at first stated that PRISCO

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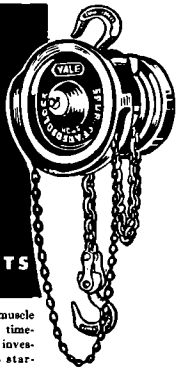
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would conform to this decision of the Court. Later, PRISCO decided to appeal the case to a higher court, which has been done. It is sincerely to be hoped that decision on the appeal will be rendered promptly so that a definite policy can be adopted and constructive plans made to arrange for the necessary imports of this essential food.

In the meantime, PRISCO placed orders late October and early November for approximately 700,000 bags of flour. Issuance of the necessary letters of credit to cover these purchases was greatly delayed and they did not reach the mills concerned until November 15 and later, with the result that flour ordered at that time could not be shipped before late November and the first half of December due to lack of available steamer space, which means that the flour will only be arriving in the Philippines in the second half of December and during January. The present situation, therefore, cannot be alleviated now until late January. Flour arriving against these purchases will enter into consumption just as fast as received.

PRISCO now contemplates ordering some 2,000,000 bags of flour for shipment at the earliest possible date, and this should greatly improve the situation. However, only a small portion of that flour could possibly be shipped during December. The major portion could not be shipped before January,—again due to lack of available steamer space. It is apparent that it will be the end of January at least before sufficient supplies of flour will be on hand in the Philippines to take care of anywhere near normal consumption.

THE canned milk situation has improved somewhat in that fair quantities have recently arrived and larger quantities are afloat. PRISCO has arranged with the Import Control Administration to release ex-quota licenses to various importers for considerable quantities to be shipped promptly, which quantities will be in addition to the regular monthly allotments, and it would seem that no serious shortage of canned milk is now to be anticipated.

In the meantime, however, information from the Pacific Coast is that the United States Government has been buying canned milk in very considerable quantities for the use of the Armed Forces, that there is a decided shortage of that product, and that suppliers are going to have great difficulty in making prompt shipments. Costs and selling prices of evaporated milk have advanced in the United States and will undoubtedly be reflected shortly in the importations here.

CANNED meats continue to be in very short supply and import licenses are being granted for extremely small quantities. The Armed Forces of the Philippines recently requested bids for the purchase of 6,000 cases of corned beef, but was able to secure only 1,000 cases.

ON all other varieties of imported foodstuffs, stocks are extremely short, and can only be purchased at black-

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market prices. There is every indication that this will become worse month by month. Unfortunately, locally produced substitutes are far from sufficient to satisfy the requirements. The prices of such substitutes are steadily increasing and in many cases are as high or higher than those of the imported products formerly.

Textiles

By L. W. WIRTH

General Manager, Neuss, Hesselein Co., Inc.

DURING October, arrivals from the United States included about 4,300 packages of cotton piece goods and about 2,500 packages of rayon piece goods, or approximately double the arrivals during September.

Arrivals of textiles, including made-up goods, from Japan amounted to 700 packages, from China about 3,400 packages, and from Europe 560 packages, including jute and sugar-bags.

There still continues to be a shortage of the most important staple items of cotton textiles, as the Import Control Office released only a very small number of licenses to old importers against their September/October quotas. Many of the old established importers have complained with respect to the undue delay in the issuance of licenses covering orders which they placed in anticipation of their expected licenses for the third and fourth quarters of 1950, conservatively calculated on the basis of the various percentage cuts applied to the different categories as provided in the Import Control Law.

All of these pending orders cover controlled items and old established importers cannot understand why licenses have not as yet been granted to them. They are very much concerned over recent statements in the press that the ICA is short of dollars, which dollars should be available to cover these importations in accordance with the provisions of the Import Control Act. It is common knowledge that during the past few months numerous licenses have been granted to new importers, and this may have been done at the expense of the old established importers.

Legislation, Executive Orders, and Court Decisions

By EWALD E. SELPH

Ross, Selph, Carrascoso & Janda

ON November 10, 1950, an interesting decision (Wise vs. Prisco, Civil case No. 12262) was rendered by Judge Castelo of the Court of First Instance. This is one of the cases involving allocation of flour quotas which PRATRA attempted to allocate so as to eliminate the old

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importers which were not Filipino firms. Section 15 of the Import Control Law (R. A. 426) gives to PRATRA (now PRISCO) "exclusive power and authority to determine and regulate the allocation of wheat flour, among importers."

Judge Castelo held that PRISCO was subject to the other provisions of the law and that Section 12 relating to allocation to old importers, and Section 14 relating to requirements for new importers, were binding on PRATRA. The Court held that if PRATRA was given absolute power and discretion in the matter, then this was an illegal delegation of legislative power and, therefore, null and void; that a construction giving PRATRA the power and authority to determine and grant wheat flour allocations subject to the requirements of Sections 12 and 14 of the Act would render it valid and that the courts should adopt the construction which would make it valid. The Judge then said:

"WHEREFORE, the Court is of the opinion and so holds:

"1. That the provisions of Sections 12 and 14, of Republic Act 426 are applicable to the defendant Price Stabilization Corporation, otherwise known as PRISCO;

"2. That under the provisions of Sections 12 and 14 of Republic Act 426, plaintiff is entitled to a yearly quota allocation of 96,016 bags of wheat flour or 7,918 bags per month, and the defendant PRISCO is hereby ordered to give plaintiff such monthly quota allocation, commencing the month of August, 1950;

"3. That 'new importers', as defined in Section 1 of Republic Act 426, are not entitled to wheat flour quota allocation unless they come and qualify under the requirements of Section 14 of the Act; and

"4. The defendant PRISCO is hereby ordered to stop or discontinue the wheat flour quota allocations given by its predecessor, PRATRA, to new importers who did not come or qualify under the provisions of Section 14 of Republic Act 426, and that the wheat flour allocated to the said unqualified importers be allocated to the 'old importers', as defined in Section 1 of the Act, and as provided in Section 14 of the Act."

In the Chinese Flour Importers case (Civil Case No. 12017, Nov. 9, 1950) the same judge held that PRATRA and its successor, PRISCO, were bound by the provisions of Act 426, which prescribes the amount that shall be allocated to old and new importers. The Court further said that excluding alien importers and reducing to nil their allocations was "a confiscatory action amounting to deprivation of property without due process." The Court also stated that—

"This Court cannot escape notice of the public criticisms against the arbitrary and dictatorial methods of the PRATRA in the allocation of the wheat flour quota, totally disregarding the law and ignoring the generally accepted business precepts. In a memorandum submitted to His Excellency, the President of the Philippines, the Philippine Association, a liaison body between the Government and the business community, made a frank exposition of the inequitable policies of the PRATRA which not only result in confusion and prejudice to the public at large but also in undue discrimination which bring discouragement to established and enterprising business establishments, both Philippine and alien."

The Court also referred to the Bell Report and quoted therefrom the following:

"The experience of PRATRA in connection with the import of flour shows how easily such powers can be used in an arbitrary manner and contrary to the interests of the consuming public."

Attempts are being made by PRISCO and the Philippine Flour Institute to set aside and make ineffective these decisions. PRISCO has appealed, and the Philippine Flour Institute and the New Flour Importers Association have filed petitions for certiorari.

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Philippine Safety Council

By FRANK S. TENNY
Executive Director

SAFETY activities, both public and industrial, have moved at a good pace in recent weeks. The efforts of the Safety Council to create a so-called "National Safety Movement" through coordinated and intensified safety activity of all kinds met with approval of almost all of the groups which were invited to join. A meeting is scheduled for this month to which representatives of about 20 organizations will be invited. The purpose is to formulate a program for 1951 which will result in improved safety conditions throughout the country, and to create a basis for annual national safety awards.

Several industrial and commercial firms have joined the Council as members in the past few days. Some of them are: Otis Elevator Co., Manila Underwriters, Inc., Motor Service Co., Malayan Insurance Co., Philippine Refining Co., American Foreign Insurance Assn., and Domestic Insurance Co. The number of insurance firms joining has been notable, with a present total of one dozen members now on the rolls. New individual members are Mr. Frederic H. Stevens and Peter C. Richards.

The Taxicab Inspection Service, an activity working in close coordination with the Council, has been successful in reducing various violations committed by taxi drivers. This includes instances of reckless driving and other serious traffic violations, as well as "flag-up" and other practices which victimize the public. Companies pioneering this important service are Golden, Malate, Yellow, B.M.C., Redi, and Acro taxicab firms.

The Bureau of Industrial Safety has informed the Council of the results of its testing 1,500 vehicles (other than private types) for mechanical safety factors. The surprising total of 53% was found to possess defects of sufficient degree to fail the examination. The Council will conduct liaison with the Motor Vehicles Office and the Public License Commission on this matter.

In spite of certain delays and obstacles, the Provincial Bus Terminals Board, the Mayor's Traffic Committee, the Fire Prevention Board, the Advisory Safety Council to the Secretary of Labor, and the PNRC National Committee on Safety Services are all meeting and functioning this month. These groups are expected to actively participate in the national safety movement plan.

Annual "Awards of Merit" were recently presented to outstanding safety winners by the Council. They were: National Bureau of Investigation (for police training); Philippine National Red Cross (for first aid and water safety); Ayala y Cia. (for private guard system); Manila Fire Department (for general excellence); the Glass and Polo Plants of San Miguel Brewery (for industrial safety); The Pangasinan Transportation Co. (for transportation safety); and the Manila Fire Insurance Assn. (for civic safety activity). Four drivers of the Philippine Match Co. Ltd. were also presented with driver safety badges.

The January report in the *Journal* will carry a summary of the current campaign in connection with testing of both vehicles and drivers for 1951. The Motor Vehicles Office is cooperating with the Council in this important matter.

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The "LET YOUR HAIR DOWN"

Column

WE are obliged to the writer of the following letter, as it called attention to an editorial error we must correct. He asked us to withhold his name:

"Dear Mr. Editor:

"I have been giving your very excellent income tax editorial (October Journal) a good deal of study.

"In the third paragraph from the last, you speak of the new Act (Rep. Act 590) and state that (with reference to the lower ranges) "the total tax per person whose income lie within this range has been increased but slightly."

"As my conclusions differ from yours, I am wondering who is right. For instance:

	Old law	Man and wife with four children Income ₱7,000	New law	
Income	₱7,000		Income	₱7,000
Exemption	3,500		Exemption	5,400
Taxable income	3,500		Taxable income	1,600
			income	5%
				₱80.00
3% of	₱2,000	₱ 60		
6% of	1,500	90		
Tax		₱ 150		

"Is it not a fact that under the above typical illustration, the tax under the new law is little more than half of the tax under the old law?—Sincerely yours, etc."

The editor's reply follows:

"Dear Mr. . . .

"Thank you very much for your letter of November 18. Of course, you are right, and I am guilty of carelessness in saying in that editorial that the total individual income tax of persons whose income lies within the range of ₱2,000 to ₱10,000 a year has been increased but slightly because of the new income tax rates. The fact is, as you point out, that it has been lowered for such persons.

"As a matter of fact, I did not stop to figure the thing out for the lower incomes and was fooled by the increase in the rates and did not give enough weight to the increases in the exemptions. There is a personal psychology behind that inasmuch as a family man I have always thought the exemptions for wife and children were too low.

"On reading your letter and noting your example, I thought, well, he cites the case of a man with a pretty large family,—4 children, but then I did some figuring and found that a man with the same income of ₱7,000, and with a wife will pay only ₱260.00 under the new rates as against ₱315.00 under the former rates; such a man with a wife and one child will pay ₱212.00 as against ₱270.00 before; with a wife and two children, ₱164.00 as against ₱205.00 before.

"If we take a man of lower income, say ₱4,000, with a wife and child, he paid ₱60.00 under the old rates and will pay only ₱20.00 under the new.

"All this does not affect the main point of the editorial which was that most Americans and Europeans, who have already been carrying a heavy and very disproportionate share of the income tax burden, have incomes within the ranges which are especially hard hit by the new rates.

"The fact which you brought out gives even greater point to the editorial conclusion: 'It is impossible to avoid the conclu-

sion that the lawmakers sought to save the group which included the majority of government personnel from any further burden, while the alien business and professional men are dealt another blow."

"You have marked your letter 'confidential', but I should like to publish the substance of it, without your name, and together with this reply. Would you have any objection to that?

"Very sincerely yours, etc.

"P.S.—If the Bell Mission's recommendations as to income tax rates are put into effect, the whole picture will change again."

A note from Miss Helen Burke, Director of the Manila office of the U.S. Bureau of Employees' Compensation:

"You will be interested to know that three different people have been in my office this morning asking for information and forms for disability benefits, each one saying that he knew nothing about his rights under Section 5 (f) of the War Claims Act of 1948 until reading the November American Chamber of Commerce Journal. . . ."

The following is an expression in French on the subject of the *Journal* in a letter from the Director of Economic Studies of the National Ins-

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titude of Statistics and Economic Studies, Paris:

"Cette documentation m'intéresse beaucoup, et je vous remercie très sincèrement de vos envois qui nous sont très précieux et qui, je l'espère, pourront être poursuivis à l'avenir également..."

An American old-timer in one of the provinces wrote us:

"I regret the delay in my remittance. However, to make up for lost time, you will please find inclosed a money order for \$10, just so I won't forget next October.

"World conditions look very bad... and the longer we wait, the worse it will look. 'Teddy' Roosevelt would long ago have said, 'I give you 48 hours to take all your Chinese communist troops out of Korea, or take the consequences.' But what can you expect these days? This generation does not know 'Teddy'.

"I am only 76 years of age, with 60 years' business experience, and if I can be of any service to our Country, please advise me.

"With best wishes and the Season's greetings to the officers and members of the American Chamber of Commerce, I am,

Yours faithfully,

"Henry Strauss."

Several officers of the Chamber received letters from members of the Honolulu Chamber of Commerce delegation which visited the Philippines last month. One of these read:

"Those of us who were fortunate enough to have visited Manila recently as a part of this Chamber's 100th anniversary goodwill tour, will not soon forget the marvelous hospitality which you and the American Chamber of Commerce of the Philippines extended to us. Your courtesy in meeting us at the airport and being with us throughout our brief stay was most appreciated. We hope that you will express to all of your members our thanks for these courtesies.

"We were indeed honored by the luncheon with your directors and the directors of the other Manila Chambers on Monday, November 20, and by the gifts presented to our members. It was indeed a pleasure also to have the opportunity to get to know Mrs. Marie Willimont, your extremely capable Executive Vice-President.

"In spite of the fact that our time in Manila was limited and our itinerary full, we want you to know that we did not leave Manila without a clear picture of the many serious problems now facing American business in the Philippines. We hope that this awareness, limited as it may be, can be of assistance to you and your members. We wish that you would give us an opportunity to be helpful to your program by advising us from time to time of actions which we might take to strengthen your position in relation to some of these problems.

"Sincerely,

"Urban E. Wild, President
"Leonard Withington, Trade Secretary."

From a former resident of the Philippines who now lives in a town in the United States South, we received the following interesting letter of comparison between conditions there and here:

"I don't want to write any article which might compare life in the Philippines unfavorably with life here because it might hurt my Filipino friends who have plenty of *amor proprio*. But for your information I am glad to state that rent, light and water, groceries, meat and vegetables, and gasoline are much cheaper here. We do miss our faithful and competent Filipino servants, as it is next to impossible to obtain a competent servant in the United States where servant's wages are high and house work is looked down upon. The modern American woman does her own work and the modern American kitchen is a marvel of convenience with its multitude of appliances. Even laundry is much cheaper here than in the Philippines.

"Everywhere in the United States the roads are very good, so that motor cars and tires last longer than in the Philippines and motoring is a pleasure; nor are you subject to being shot at, as is the case going to Tagaytay or Cavite. In this state, even the unimportant towns and villages are connected by excellent, paved roads.

"We decided to settle in... because the climate is good, the scenery is fine, and we have friends in this little town. It is an old town, originally settled by Huguenots. The people living here are mostly of British, or rather Scotch, Irish, and English stock, with some French, and as there has been very little immigration, the purity of the stock has been preserved. The town is small, 5,500 people, with 35% negro population. There are large cotton mills and rayon mills

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in the town and in the neighborhood. The farming community in the countryside raises cotton, corn, tobacco, and cattle, in the order named, and the people are prosperous. The town has all the modern facilities such as electricity, water, telephone, a sewer system, etc. There is an airfield within some miles where mail and passenger planes call many times daily. Scenically, this town is built on rolling hills, and all the creeks are lined with beautiful shade-trees.

"What struck us first in this state was the cleanliness of the cities and villages, the excellence of the roads, and the courtesy and kindness of the people. The people seem to have more leisure than people have in the North, but it is a fact that they are sincerely cordial and helpful. It is a great pleasure to live among them. The Negroes are very well treated, indeed, and while

many of them are shiftless, they look to the 'white folks' to help them and they do receive such assistance.

"Politically, this state is always voting the democratic ticket, but it does not admire the present Administration and showed this plainly in the election. The Governor... is a good man, but will be succeeded by an even better one...

"We are deeply concerned about conditions in the Philippines; they seem to go from bad to worse, and it seems there is not much hope unless the Filipinos will give themselves a good government..."

THE Historical Committee of the American Association of the Philippines, which committee was created during the year on the ini-

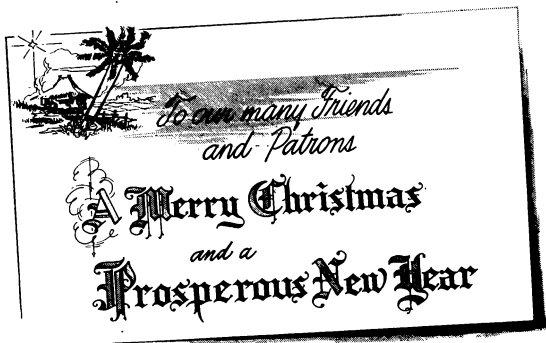
tiative of U. S. Ambassador Myron M. Cowen, with a membership appointed in part by him and in part by the American Association, has made a good beginning in the building up of a museum and library devoted to Philippine relations with the Occident, with special emphasis on relations with America.

The historical collection of books, documents, manuscripts, photographs, paintings, moving-picture films, coins, medals, seals, flags, weapons, etc. is to be housed in the American Embassy and will be opened to public view as soon as the present new construction work on the Embassy is completed. Series of lectures on historical subjects will also be given by various authorities.

Ambassador Cowen is Honorary Chairman; J. A. Thomas, Chairman; Chester Leaber, Treasurer; and James L. Meader, Executive Secretary; the other members are Messrs. H. Otley Beyer, Allan O'Gorman, A.V.H. Harendorp, H.P.L. Jollye, Charles Parsons, Gilbert Perez, Carson Taylor, Robert Trent, Paul Verzosa, and Ford Wilkins. Mr. W. G. Solheim, formerly connected with the Museum of Anthropology of the University of California, Berkeley, was appointed librarian and curator some months ago.

Donations of funds and material are being received, among the donors being various departments and offices of the United States Government, companies and corporations including the American Express Co., American Foreign Insurance Assoc., American International Underwriters, Atlantic, Gulf and Pacific Co., Ault & Wiborg, Bank of America, Breed, Abbot & Morgan, Caltex (Phil.) Inc., Coca Cola Export Co., Connell Brothers Co. (Phil.), El Dorado Trading Co., Everett Steamship Corp., Firestone Tire & Rubber Co., Getz Bros. & Co., Insular Lumber Co., International Harvester Co., Liddell & Co. Inc., Liggett & Myers Tobacco Corp., Luzon Stevedoring Co., Inc., Manila Cordage Co., Manila Electric Co., National City Bank of New York, Peter Paul Philippines, Philippine American Life Insurance Co., Philippine Education Co., Inc., Philippine Manufacturing Co., Philippine Packing Corp., Philippine Refining Co., Inc., C. F. Sharp & Co., William J. Shaw Estate, A. Soriano y Cia., Standard Vacuum Oil Co., W. Sy Cip & Co., the Tabacalera, United States Lines, and White Page & Co., also a number of individuals like Lawrence Wilson, E. D. Hester, Frederic H. Stevens, Gilbert S. Perez, Mrs. Carmen Gil, Juan R. Tahada, James P. Watson, and others.

Those who have material of historical value in their possession and who would like to see it safeguarded and possibly put to good use, are invited to contact Mr. Solheim at the American Embassy.



We join with everyone in the festive spirit which is the essence of the Yuletide season—a spirit of goodwill consecrated to the universal ideal of peace, harmony and understanding in the hearts of all men everywhere.



GOODYEAR

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COST OF LIVING INDEX OF WAGE EARNER'S FAMILY¹ IN MANILA BY MONTH, 1946 TO 1949

(1941 = 100)

Bureau of the Census and Statistics
Manila

1946	All Items	Food (8.13)	House Rent (8.45)	Clothing (0.62)	Fuel, Light and Water (13.94)	Miscellaneous (17.86)	Purchasing Power
January	603.4	759.2	236.4	984.0	363.8	434.8	1.657
February	547.2	656.3	236.4	940.3	369.5	460.5	1.827
March	525.9	631.0	236.4	940.1	340.4	445.2	1.902
April	556.2	684.1	236.4	910.3	345.5	435.9	1.798
May	545.1	675.6	236.4	762.5	342.3	409.6	1.835
June	538.7	666.4	236.4	737.9	343.3	404.2	1.856
July	552.7	704.3	236.4	598.9	341.3	364.6	1.809
August	477.9	590.0	236.4	384.7	320.9	346.3	2.092
September	477.9	591.3	236.4	378.7	314.5	347.2	2.092
October	487.4	587.2	236.4	382.7	405.8	347.2	2.052
November	484.8	607.8	236.4	406.4	346.5	305.2	2.063
December	461.9	570.8	236.4	371.9	344.7	302.1	2.165
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	2.346
February	418.5	454.9	453.9	356.2	344.8	281.4	2.389
March	406.8	440.1	453.9	295.2	334.7	279.4	2.458
April	387.7	413.3	453.9	269.2	328.9	271.6	2.579
May	391.0	404.4	453.9	250.9	325.4	269.4	2.625
June	386.3	414.4	453.9	236.8	316.6	268.6	2.589
July	393.4	426.8	453.9	217.7	309.3	269.9	2.542
August	387.4	418.8	453.9	210.2	292.0	269.1	2.581
September	368.9	392.1	453.9	216.4	283.3	266.8	2.711
October	358.7	376.3	453.9	212.7	280.5	267.7	2.788
November	358.4	376.3	453.9	215.1	280.5	265.3	2.790
December	371.9	395.8	453.9	219.1	298.2	262.9	2.689
1948							
January	391.2	428.3	453.9	224.5	304.6	249.9	2.556
February	368.9	392.0	453.9	223.8	301.1	254.4	2.714
March	349.4	361.0	453.9	214.6	308.1	255.9	2.862
April	356.1	374.1	453.9	209.4	289.7	254.8	2.808
May	349.8	360.2	453.9	214.2	289.7	271.6	2.859
June	354.3	370.4	453.9	205.2	283.2	262.9	2.823
July	356.4	374.2	453.9	201.3	281.6	262.4	2.806
August	363.6	385.7	453.9	199.8	281.6	261.7	2.751
September	370.6	397.2	453.9	199.2	279.6	260.6	2.698
October	374.9	404.0	453.9	204.8	283.2	257.9	2.668
November	368.7	394.4	453.9	202.0	281.4	257.7	2.712
December	365.9	389.9	453.9	202.0	282.4	258.9	2.732
1949							
January	363.8	386.8	453.9	202.0	279.0	258.9	2.750
February	343.8	355.5	453.9	203.0	277.5	258.9	2.909
March	346.3	358.2	453.9	202.0	276.3	258.9	2.896
April	348.7	362.6	453.9	197.6	287.5	257.1	2.868
May	348.8	362.8	453.9	197.2	287.5	257.1	2.867
June	349.0	362.9	453.9	203.9	287.5	257.2	2.865
July	351.7	374.0	453.9	194.2	265.8	240.5	2.844
August	337.4	351.2	453.9	186.3	266.6	241.2	2.863
September	333.6	345.1	453.9	190.3	264.8	243.1	2.998
October	332.9	343.3	453.9	199.9	264.8	245.0	3.004
November	339.6	356.1	453.9	191.1	258.4	239.8	2.945
December	329.6	335.9	453.9	202.9	259.5	256.2	3.035
1950							
January	332.3	336.8	453.9	238.0	253.1	269.3	3.010
February	336.9	340.2	453.9	233.3	257.8	284.1	2.969
March	339.0	341.4	453.9	236.7	257.8	292.6	2.950
April	331.8	328.6	453.9	237.7	252.9	301.2	3.015
May	320.2	308.6	453.9	244.7	249.7	309.1	3.123
June	323.1	310.9	453.9	243.5	249.7	319.1	3.095
July	332.0	322.4	453.9	252.6	249.7	328.7	3.012
August	334.4	331.2	453.9	256.3	251.1	328.1	2.990
September	341.3	335.0	453.9	317.4	252.5	327.5	2.930
October	352.8	345.1	453.9	337.3	249.7	334.5	2.835
November	354.1	353.2	453.9	322.8	249.7	335.9	2.825

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

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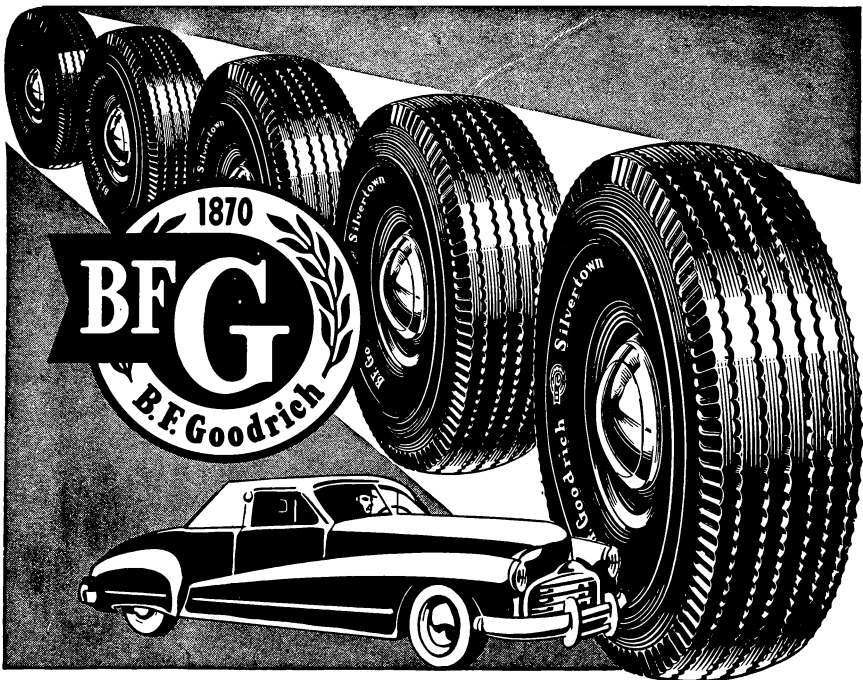
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