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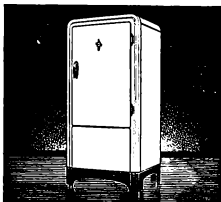
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WALTER ROBB
Editor and
Manager



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Just Little Things

● Once when Judge James C. Ross was in London he chanced upon a place where an old church was undergoing repairs and the parish was eking out the cost by vending old timbers from the church as mementoes. What was good in the worn-out timbers was made into relics. Judge Ross bought a cross, and presented it to Bishop Gouverneur Frank Mosher who gladly placed it in the Cathedral of St. Mary and St. John. Bishop Mosher remarked at the Parish dinner a few weeks ago, how grateful the Cathedral is for this token of faith, how much it would be pleased if Judge Ross's thoughtfulness were emulated. And why not, when folk travel, think of these things? Each of course for his own church.

● Sofronio Calderon the bookbinder who comes so politely into your office from time to time, getting new work you may have for him, is a skilled teacher of Tagalog among whose early students were some of our older missionaries. He is a Catholic. Long ago he translated the Bible into Tagalog for the British & Foreign Bible Society, no longer represented here. At that time, 1900, its Manila man was Howard H. Miller of Melbourne. Calderon's language studies under the Jesuits of Manila began with Greek and Latin. He knows Spanish, of course, but Tagalog is his mother tongue and *beau ideal*. We spurred him to undertake a Tagalog-English dictionary about seventeen years ago. He worked odd hours at it, is as far as "n" and has eight more letters to go. He is astonished himself, by the richness of the Tagalog language, and tells us now that his dictionary will be

almost as voluminous as a dictionary of English. Perhaps this oversteps the mark, but he finds Tagalog's sources of richness to be: the word structure, providing many variations from a single root, the abundance of synonyms, accretions from foreign languages. He may abridge his work into a book for popular use.

● Governor W. C. Bryant who manages the Pamplona coconut plantation in Oriental Negros has been in for a chat and a cup of coffee. Pamplona is 60% under production, out of debt, thoroughly equipped, the owner of a profitable herd of 700 cattle, and preparing to pay its first dividend. Par of the stock is P50, but transactions have been made at P60. It has been a long pull, and during the period that prosperity was loafing around the corner, the cattle and the tolls paid by lumber companies utilizing the plantation main road were godsend to the navroill. Now that the plantation is in the clear, unailing dividends are expected. A Grinnell dryer, enlarged from time to time, prepares the copra. Steam power was abandoned in favor of an electric turbine some years ago, and the flume that leads the water to the turbine carries also the bulk of the nuts to the dryer. First the nuts are husked and halved in the groves, workmen contracting for this. Power and light is abundant, and upkeep of the turbine practically nothing. Governor Brvant comes from Ohio and in boyhood was a schoolmate of Paul Gulick's. He is an oldtime Worcester man, who came to the Islands in 1902 and was the governor of one of the subdivisions of Mountain Province under the interior-department administration of the late Dr. Dean C. Worcester.

(Please turn to page 7)

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Standard Codes

Philippine Sugar in America's Pacific Problem

- An invitation to the Commonwealth and the United States to scrap the past and launch out in their mutual interest on a course dictated by present and commanding circumstances.

By Walter Robb

Peoples reach junctures in their careers that make their past of no political account because nothing in it relates to their future or benefits it. The Philippines have reached such a point. Behind lies subordination in Spanish times, but today and the tomorrows to follow are times of freedom and self-respect. Obviously, between the two situations no relationship exists. Freemen do not say to slaves, *Teach us to bow our shoulders like yours, and to bend acquiescent knees.* Yet such would be the lessons the Philippines of today could garner from their past. The thread of history runs on, the thread of politics breaks. Culture yields, gives and receives without breaking, but the rule of politics is that of the poet, new occasions teach new duties.

Fathers are respected, not however as mentors of arts foreign to their knowledge and experience. The Philippine people caught the light of freedom from the polemics of Rizal, whose veneration of his father did not extend to exempting his subservience from rebuke: Rizal's outlook was forward, he reviewed the past only to berate it. Most lads honor their fathers, more so their mothers, all over the world, but do not apply to them when, for example, knowledge of how to fly an airplane is wanted.

The real affairs of the Philippines in which we live began with the advent of the Commonwealth two years ago. The Commonwealth founded, a long narrative of subordination, which America made it her business to eliminate, ceased to have significance for the future. In Manila, in the field of politics, it all deserves to be forgotten. In Washington, the archives of the Bureau of Insular Affairs of the War Department back of 1934 should be sent to the Congressional Library for scholars' convenience in research.

Washington has nothing pertinent to the Commonwealth that does not date with it. Neither has Manila. The Commonwealth made jalopies of nearly four centuries. Good riddance of bed rubbish, too. The statesman who constrains the Commonwealth Philippines to the letter of ideals of forty years ago, counting as nothing the spirit of

those ideals attainable in the Commonwealth, is not fair unless he, being an American, would set the clock back in his own country an equal time; among other things, he should prove his consistency by pulling down the World Court at Hague, and tearing the Kellogg Pact into scraps of paper; and he should taunt England because she accepts, when forty years ago she would not have accepted, a Catholic layman as America's ambassador to London.

A Congressman tries to nettle the Commonwealth Philippines by charging a change of front, from the extreme of complete separation politically from America. But prescience hardly goes so far: it all pertains to yesterday and deserves oblivion, if freedom was denied and equality not recognized, separation was pleaded through the dignified use of the right of petition.

But the whole procedure is an episode of no present consequence, of the past. Maybe it will help Americans to remember that though their forebears drew a bill of indictment against George III, yet later, with this same George III, they signed a treaty of commerce and amity. In the present we have the fruition of past endeavor, the only worthwhile human legacy from days that forever die. Peoples are not fixed stars.

Legally too, all Philippine government older than the Commonwealth is dead. To make the situation clear at Washington, assume for a moment actual separation of the Islands from the United

States. It will be granted that then, under a new name only, concern would be wholly with the Commonwealth; all back of that would not be relevant, and indeed even the name *Commonwealth* might be retained. This should show everyone how much, all of it without the least application to the present, must be thrown out of the record to face the problems existing between the Philippines and the United States *today* and to try to solve them.

In a moment we will talk specifically about the million tons of sugar the Philippines market yearly in the United States, because it is susceptible of factoring both Amei-

Sundry Pertinent Data on P. I. Sugar: 1937

How Shipped	%	Cane Farms, Size	No.
American Ships	21	Below 100 acres	12,840
British Ships	16	100 to 500 acres	3,460
Japanese ships	32	500 to 1,000 acres	887
Norwegian ships	20	1,000 to 3,000 acres	977
Danish	4	3,000 to 5,000 acres	287
German	3	Above 5,000 acres	283
Others	4	Total Cane Farms	18,784

Cane farmers leave some fields fallow or given to other crops every year. Our data are from the Philippine Sugar Administration who say the 1937 Philippine cane crop was grown on 7-1/2% of the cultivated land of the Islands; distributed in 17 provinces, with two million Commonwealth citizens deriving their livelihood directly from it. The Commonwealth's sugar quota in the American market approximates 1 million short tons a year. The accompanying paper is the first study, we believe, of Philippine sugar in the American market in its relation to America's primary problem on the Pacific and her perplexities concerning the attitude she should assume in the Far East and particularly toward the Commonwealth of the Philippines. In other words, the first study of this sugar from the viewpoint of its vantage to the United States, and to the Commonwealth in stabilizing itself as a free constitutional government in association with the United States.

ica's and the Commonwealth's problems on the Pacific. If however, studies of this vast element in Philippine-American commerce are associated with the past, its place in today's commerce (and more so in tomorrow's) can not be seen. The past bemuses you, and beclouds reasonable conclusions. Before discussing it, we will state what seem to be the major Philippine problems on the Pacific, and that of the United States.

Let us give America's problem first.

America's problem on the Pacific relates in part to the Commonwealth, in part to Japan and secondarily to China. It involves retention of the great trade America has with Japan and the Commonwealth, and her trade with China. *The primary element in it is the presence of a mercantile fleet on the Pacific that could, at need, service the naval fleet.* The vital trade with Japan can not, perhaps, be kept save through the interest of Japanese merchant ships in the freighting it provides. And this alone may not be enough, additional freight, as from the Philippines, may be needed.

The Commonwealth's problem on the Pacific is somewhat broader, in one sense. It involves creation of a merchant marine. Its primary element is the marketing of a million tons of sugar a year in the United States. It is submitted that should the United States and the Commonwealth come to terms about this sugar, that concord alone would give America the commanding position on the Pacific, in the carrying trade, and at the same time, open the Pacific to Philippine ships. Such ships would be built in the United States, with suggestions of the navy carried out in their construction (as in the case of American ships), and the American Bureau would survey them.

These ships, like our own, would be available to the navy at call.

A third element in the Commonwealth's problem on the Pacific is making itself solid with the United States. There are of course matters of lesser interest to both governments, on the Pacific, but we state the main case.

A table shown with this paper sums up a total of three million tons of cargo a year in the ocean commerce of the Philippines. *This comes to about a ton for every family in the Islands.* A third of it is the sugar, 1,000,000 tons in round numbers, all sent to the United States.

The total tonnage of cargo a year in the bilateral Philippine-American trade is about 1,400,000 tons from the Islands to the United States in form of commodities useful in manufactures, and about 600,000 tons of manufactures and foodstuffs from the United States to the Philippines. The tables review five years.

From the Philippines, sugar is the big item. While the cane utilizes only a minor portion of the land cultivated, this sugar is vital in the Islands' economy as their big cash crop. It sustains their banks, keeps the peso stabilized with the dollar, and makes the public

credit sound that is behind the bonded debt. American ships freight a minor part of this sugar, last year less than 22 per cent of it. As things stand, this sugar is not helping, as it should, to keep an adequate American merchant fleet on the Pacific, but rather, foreign ships. There is a table about this, too.

Our proposal is that a fleet of American ships built as the proper authorities would have them built, be provided for the carrying of all the million tons of Philippine sugar to market in the United States. We do not say that this need be done in a day, only that a concord to do it should be reached and signed, and a time set for the service to begin.

The service would employ some sixty-five ships that would probably cost about \$500,000 each. The season is long, ten months. The sugar could be charged a subsidy rate, say \$11 to \$12 to the Atlantic coast, \$8 to \$9 to the Pacific coast, because it pays no duty; and for this assured advantage in a permanent market, the industry and the Commonwealth would readily concede a subsidy rate to auxiliaries of a fleet maintained on the Pacific largely for the Islands' defense. The Commonwealth, particularly, would see the supplementary advantages at once. Soon as the arrangement went into effect between them, the United States and the Commonwealth would come into command of the freighting affecting their commerce, and an old monopoly, made obsolete by the advent of the Commonwealth, would decline.

There would be left outside the arrangement, *two million tons of other cargo.* This would include the 600,000 tons of American manufactures and foodstuffs imported into the Commonwealth every year, and the 400,000 tons of sundry commodities bought in the United States from the Commonwealth, and a million tons of cargo made up of foreign imports and the purchases of foreign countries. It is all this cargo and the chance to freight it that would insure the plan from complaints from foreign interests, and insure the United States continued good commerce with Japan and China—for it would keep all snips moving that this commerce requires.

The plan does not invoke the U. S. coastwise laws, it presupposes a special concord between the United States and the Commonwealth.

As soon as such a concord was made and went into effect, without tothing with subsidies Philippine ships would begin to ply the seas. They could find a place for themselves both in carrying manufactures to the Islands and carrying insular products to market.

Such would assuredly be the case, because the arrangement would place the Commonwealth and the United States in complete command of the freighting situation. But rapid internal development throughout the Commonwealth will of course soon add hundreds of thousands of tons both to imports and exports, and this we will talk about now. Ships that bring American and

Metric Tons of Cargo Exchanged Between the Philippines, the United States, and Other Countries

	To Philippines			From Philippines		
	Total	U.S. Only	Foreign	Total	U.S. Only	Foreign
1932	1,572,081	661,650	910,431	1,692,271	1,137,197	562,074
1933	1,429,703	601,558	828,145	2,088,579	1,526,236	562,343
1934	1,438,310	600,251	838,059	2,288,060	1,504,350	783,710
1935	1,538,094	556,029	982,065	1,546,903	980,243	566,660
1936	1,798,500	564,903	1,233,597	2,058,706	1,315,056	743,650
Five Years	7,776,688	2,984,391	4,792,297	9,674,519	6,463,082	3,218,437
Average	1,555,337	596,878	958,459	1,934,903	1,292,614	643,687

Average tons imports 1,555,537 plus exports 1,934,903 total 3,490,240

Manufactures to the Far East can, and do, as much as they are forced to do, base their outward rates in the fact that they will surely procure bulk homeward cargoes at the Philippines. This factor in international shipping would not be eliminated by the plan allocating Philippine sugar to American ships and Philippine ships, if available, on a basis of tonnage. The plan might affect other ships temporarily, but the tonnage deriving here, increasing all the time, would soon set the balance right again.

Very probably, by the time the ships for the sugar were built and the plan went into effect, foreign ships would be making up in other cargoes a good deal of what they were giving up in sugar. Cargoes of American manufactures would continue to reach the Far East at rates at least as low as they pay now. If any rate was deemed high, appeal to a legitimate authority would be the shippers' opportunity to set it right. For then the foreign ships would be in the trade by sufferance, and the authority that could bring them to book would be the authority of the American and Philippine governments—reasonably exercised through a joint commission.

We perceive no objection to such a commission, the situation would equally affect the United States and the Philippines, and therefore each should have due part in its management. Again this is a matter of looking ahead, and scrapping the past.

Without resenting an arrangement that must be tolerated, unless it can be remedied, surely one of the most annoying stigmas of Philippine subordination and American inadequacy on the Pacific is the fact that the haulage on the highseas for these islands, haulage summing three million tons of cargo a year, is now, as it always has been, in the custody of an agency essentially foreign both to the Philippines and to the United States—and amenable to neither government, nor to the shippers of goods, nor to the people, who are the Philippine people, on whom the charges finally fall. Such power can be used to the disadvantage of the Philippines, and of the United States, and is, we are often told, so used.

In what does this end? It ends in maintaining fleets of commercial ships on the Pacific, and generally on the highseas, some of which would certainly be immediately in the service of an enemy's naval fleet, should America be involved in war on the Pacific, while others would not so certainly be available to ourselves. And a war on the Atlantic would surely bring to America's antagonists there, fleets of ships enriched by haulage to

and from the Philippines. It is Philippine business, very largely, that puts them in the trade, and keeps them there, having in the first place induced their construction.

Sometimes this situation (in which the United States and the Philippines provide the cargoes, yet do not control the rates) ends in disadvantaging industries. Philippine rope pays a fantastic rate to reach the United States, a rate that largely nullifies the will of Congress that six million pounds of it a year may be marketed in the United States. More important is the desiccated coconut industry, whose contracts ahead, necessary to the routine of manufacture, are capriciously affected by frequent announcements of new rates. Whether American ships or foreign ships carry most of this cargo is not in point, what is in point is that an authority, neither American nor Philippine, and indeed amenable to no government on earth, dictates the rates and changes them at will.

It is far from any contention in this discussion that any foreign ship be excluded from the Philippine carrying trade. There is more than the Philippine-American trade to consider, and more countries than the United States and the Philippines to be reconciled to the new situation that ought to be created. The sole contention is that the United States and the Philippines should, by concord on sugar, bring the situation under their mutual control; and by so doing, kill a number of birds. That is to say, stock the Pacific with an ample American mercantile fleet of the first order; make room in the trade for a Philippine mercantile marine, on service at call to the American naval fleet; and with so many ships, assume command of a situation that ought to be in command of the United States and the Commonwealth.

Below all this is the important, even vital fact that mere fruition of a concord allocating fleets of American ships the haulage of Philippine sugar without the setting of a term, would signalize the Commonwealth's permanency *without affecting the right of petition*. It is the free will of the plan that is its merit in the political sense—the recognition of the Commonwealth without regard to all that preceded it, that neither the United States nor the Commonwealth should wish to recall even in memory, much less in legislation, or in compacts.

The plan suggests itself because it obviates cash subsidies for American freighters on the Pacific, and these cash subsidies are in any case no solution of the problems of the Commonwealth on the Pacific or that of the United States. The sugar fleets, having full-load high-rate patronage from the Commonwealth to the United States,

Metric Tons of Cargo Exchanged Between the Philippines and the United States Annually 1932 to 1936

Year	Seaboard	U. S. to P. I.	P. I. to U. S.
1932	Atlantic	242,579	994,898
	Pacific	418,071	135,299
	Total 1932	661,650	1,130,197
Combined 1932 total ..			661,650
1933	Atlantic	206,570	1,304,110
	Pacific	394,988	222,126
	Total 1933	601,558	1,526,236
Combined 1933 total ..			601,558
1934	Atlantic	198,090	1,172,285
	Pacific	402,161	332,065
	Total 1934	600,251	1,504,350
Combined 1934 total ..			600,251
1935	Atlantic	202,734	690,536
	Pacific	353,295	289,707
	Total 1935	556,029	980,243
Combined 1935 total ..			556,029
1936	Atlantic	192,339	1,010,355
	Pacific	372,564	304,701
	Total 1936	564,903	1,315,056
Combined 1936 total ..			564,903
Combined 1936 total ..			1,879,959

with their competitive share of the haulage of manufactures from America to the Philippines, would pay independently of subsidies: their subsidy would be the monopoly granted them. This would change their route, which cash subsidies do not do. It would be understood that they sail directly across the Pacific, touching the Philippines first, and then, if they had business, China and even Japan—as well as Indochina and the East Indies, depending on the business they procured.

So routed, as the Commonwealth has due claim to have them routed, they could maintain such rates out of Manila to nearby points as would be direct encouragement to Philippine industry and to considerable American entrepot business here, perhaps even some foreign business of the same sort.

While the direct route across the Pacific is longer than that via Japan, with fast ships on it it does have the advantage, to the Philippines, of being direct; and it is sometimes pretty vital in commerce, as well as always favorable in exchange and insurance, to get your goods in thirty days instead of in forty-five to sixty days or even more. At present it is the infrequency of sailings of American ships from Atlantic coast ports that tends to throw to their competitors business that would in equal circumstances be theirs. Sugar fleets would correct this disadvantage (since the bulk of the sugar goes to New York) both by frequent sailings and by the advantage of the direct route.

Remember, they would comprise some sixty-five ships, and by no means the ships of a single company. (Yt were they to be the ships of a single company, the American-Commonwealth authority would set their rates, and not the company: the situation that now exists, wherein neither government nor both together, the two as one controls or even much influences the rates, would be quite reversed).

Respecting what Manila might do in export industries, with encouraging rates to neighboring points in the East Indies and the Far East, perhaps the common assumption is that she could do very little. *But we discover that this discouraging attitude is not shared by Manila manufacturers themselves.* They tell us, in fact, that Manila could market a number of products from Batavia to Vladivostok, surely a wide territory, given port encouragement here and equitable freight rates. The present situation, familiar to our readers, though possibly not actively indifferent to such projects, is obviously not encouraging to them. Its major interests are not in accord with them.

Is not sugar, and sugar alone, the solution of all this? For it alone could bear the subsidy rate, and it alone, for

sake of its advantage in the American market permanently, would be willing to concede such a rate. It alone can make the necessary adjustments to such a rate, because its compensation is the American sugar price while all other Philippine commodities (not manufactures) sell at world prices. Again it is to be borne in mind that this discussion does not propose that a concord on this subject go into effect tomorrow. It is only proposed that the concord be undertaken, whereupon we are confident that it will be effected, and that it go into actual practice when the ships are built. We are under the impression that such a concord could be written, and that ratification by Congress would clinch it.

The discussion excludes the liner service to and from the Philippines, and lays no proscription against any ship, American or foreign, plying in the Philippine trade. Its just assumption is that a highseas commerce summing three million tons a year should be so freighted as to suffice a mercantile marine on the Pacific, to service the naval fleet, without further subsidy than sugar from the Islands could afford, and that further, such a vast commerce, destined to enormous expansion with the permanency of the Commonwealth, should be in the control of the two countries that provide it, and not in that of foreign agencies. It assumes that the situation it would supplant belongs to the past and has no place in the present nor just prospect in the future.

Just Little Things

(Continued from page 3)

● Writing this on Lincoln's birthday, which happens to be near our own, the reflection occurs to us that there is a lot that people don't know about our holidays. For instance, there are no national legal holidays in the United States. You might think surely Independence Day would be a national legal holiday, but as a matter of fact it isn't. Each state and territory fixes what days shall be legal holidays. Even when the President of the United States proclaims Thanksgiving Day, he only creates a legal holiday in the District of Columbia. Most states, however, provide by law that any date appointed by the President as a day of thanksgiving or of fasting and prayer, shall be a legal holiday. All states and territories observe Christmas, New Year's Day, Washington's Birthday, Mother's Day, Independence Day, Labor Day and (with the exception of the Commonwealth) Armistice Day.

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What Business and Government Face in 1938

The story of 1938, in its most important phases, will be told on a single chart. One lone line on that chart will tell the tale of fortune or misfortune, prosperity or depression, for the people of the nation.

The choices that now confront Congress and the country, as explained by the men whose business it is to know, are these:

1.—Deflation. This choice would involve a deliberate effort to remove the obstacles that now stand in the way of revived industrial activity by trying to force down those prices and wages that got out of line and to wipe out concentrations of debt that now stand in the way of price concessions.

Deflation was tried in the years following 1929, up to March, 1933, with consequences that the country remembers.

That leads to the second possibility.

2.—Expansion. This choice would involve a deliberate effort to remove the obstacles to a new recovery by floating the country over those obstacles on a wave of private or Governmental credit expansion.

Recovery comes when either private business or Government is borrowing and spending money on a large scale. The normal operation of the capitalistic system calls for private borrowing to expand, for use in financing the production of the larger volume of goods that free competition in a free market supposedly makes necessary.

But, for one reason or another, private borrowing and lending to finance increased production actually has failed to respond in any important way since the crash of 1929.

Mr. Roosevelt this past week announced a possible request for appropriations to speed up rearmament. There are stirrings in Congress that suggest more money for relief. Security markets are beginning to reflect an interest in the prospect of Government spending on a larger scale.

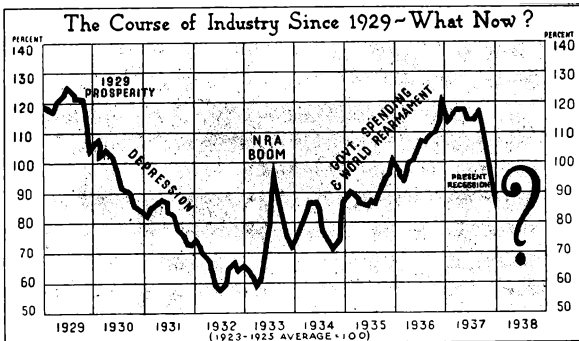
But the President insists that the time has come when Government outgo must be brought in line with income. The national debt was run up seventeen billion dollars to finance the recovery that took place after 1933. Any new spending program, unless financed with "non-interest bearing notes"—currency—would pile debt on top of an already huge national debt. That prospect might have little popular appeal.

So there is a third possibility.

3.—Economic control. This choice of courses is one that could involve a combination of deflation, expansion and direct control over business policy. It has been followed in such countries as Germany and Italy and to an important degree in England.

What now of the year's outlook?

Gains of 3 years lost. Three recovery plans Deflation, spending or new industrial controls?



The answer, according to the Government's economists, lies with business men and with Congress.

If prices in the key industries are brought back into line voluntarily, or through some action of the Government, and if borrowing and spending can be started on a broadening scale either by private industry or by Government, then a sharp upturn can develop.

But if existing price disparities are uncorrected and if both Government and private interests sit and glower at one another without making a move, the outlook is regarded as not so good.

What is to happen depends upon decisions still to be made in Washington and in corporation directorships.

Thus far, however, the chart readers say that they are unable to detect any important signs that either business or Government is making the right decisions to insure a quick recovery.

Big business is found to be sacrificing production in an amazing manner to protect trouble-making prices. In the steel industry production has fallen from 80 per cent of capacity to 19 per cent of capacity without a single budge in prices.

Yet the underlying theory of orthodox capitalism is that competition in a free market will reflect itself in a constant change in the price level to compensate for shifts in demand. If demand falls then prices are supposed to fall, too, until a bal-

ance is struck where buyers will find it advantageous to enter the market again.

Yet industry after industry—the building material industry, the steel industry, the automobile industry, the lumber industry and many others—all are striving in every way to hold the price level that was jacked up artificially in what had looked like a boom period.

OTHER COMPLICATIONS

The decisions of Government similarly are found to be complicating rather than correcting the situation.

Determination to balance the Federal Government budget in a time of declining business activity only adds to the deflation that already is under way. Blasts by officials against corporation ownership and managements add to the uncertainties that already perplex industry and to the determination of business to buck against rather than to accept decisions that might be wise.

Then, too, the Government that talks about anti-trust law enforcement, actually has accepted a law—the Miller-Tydings Act—which responsible enforcement officials say makes the anti-trust laws impossible of effective application. That act was signed by President Roosevelt barely six months ago.

The result is a hodge-podge situation that leaves the future course of the production line on the accompanying chart one of uncertainty.—*The United States News.*

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Last year nearly fifty thousand automotive vehicles were registered in the Philippines, where probably no such vehicle in active use escapes registration. There are forty-nine provinces; Manila makes it a round fifty—there are 1,000 automobiles to the province when you include Manila. The table gives the precise figures by province. Nothing shows more than highway building in the Commonwealth, and use of automobiles have direct relationship to the kilometers of useful roads. But not in all cases proportionate relationship, because the character of the main farm activity of the province is an important factor in use of cars.

The Commonwealth's four-year public works program just submitted by President Quezon to the Assembly sums nearly P100,000,000 and much of it is for more highways, national highways whose building and upkeep are concerns of the Commonwealth itself. Naturally, this bespeaks a good automobile market during four years at least, to which in that time something else will be added—in all probability. Judging by what transpires in other countries, addition of another 10,000 cars to the active-use list in the Commonwealth shows additional assembling plants in Manila and perhaps tire factories. If memory is not at fault, India has fewer than 60,000 automobiles, yet she has a tire factory and assembly plants.

The table shows the two general classifications of Commonwealth roads, national and local, the latter being charges on the provinces and towns according to subclassification. Basically it is the trunk roads that the Commonwealth builds and keeps up, roads crossing provincial borders and usually driving through the central region of a province.

Until now, when the law has been repealed, for some thirty years local road funds were helped by 50% of the poll tax, which was in all two pesos for each man between the ages of eighteen and sixty years. Now that this tax no longer exists, a centavo has been added to the excise tax and a tax of 1½ centavo a liter has been placed on kerosene. Thus at present, the humble peasant's cottage light contributes to the building and upkeep of the roads; and whereas the poll tax might sometimes be evaded, there is no evading the kerosene tax if you use kerosene.

Few are the countries in the world more set upon good highway systems than the Commonwealth here, and equally determined that the burden fall upon the cars that use the roads. In spite of this, well managed transportation lines charging passengers 1 centavo a kilometer usually pay 20% dividends and find the field a very satisfactory one. Further, occasional stock dividends come along. The answer is, roads in this country induce no end of travel. A kilometer of road, outside Manila and Baguio, means 1.7 cars.

And do the special taxes roll in! On kerosene at 1½ centavos a liter, lubricating oil at 4 centavos, and gasoline at 5

centavos (about 19 centavos or 9½ cents gold a gallon), funds enough accumulated last year to release P8,500,000 for more

the public-works bureau—a total, in round numbers of P13,000,000 or 15% almost, of the total budget the Commonwealth requires including interest on, and amortization of, its small public debt.

When you figure this one out, it runs to about P260 a car. Oil companies are not a whit happy about this, because the tax of 5 centavos a liter is imposed when gasoline goes into their tanks; there is considerable loss and evaporation between this point and the time when sales are effected, and all this loss falls upon the companies. In the end, they try to figure it into the selling price for good Mr. Consumer but are not always successful.

Last year for the first time, more than 1,000 cars were registered in Davao, where no more than a score of cars were registered a few years ago. New roads are the immediate explanation: plantation, town, provincial, and national. The national highways are planned ahead, work often begins at both ends. When a grand connection is made, hundreds of kilometers of highway assume higher efficiency—new fields for car salesmen are open. Grand connections last year were that between Bangui and Claveria and Aparri at the northern part of Luzon, and that between Iligan and Davao via Cotabato in Mindanao. The first distance joined totals 156 kilometers, the second more than 400 kilometers.

With many more new roads during the next four years, Mindanao, richer and almost as large as Luzon (where nearly half the population of the Commonwealth now lives) will be further cracked open for more farmers, more villages and towns, more plantations and more widely branching industry. Cost, P260 per car!

Cost would be more were tolls included. New bridges, all of the best sort as to durability and utility, are built under fiscal plans returning their cost in tolls during periods not exceeding five years. Seventy such bridges are now in use in the general highway system. It is easy to add more as they are required; for though the revolving fund of P5,000,000 for this purpose is all tied up, loans at 5% are procurable from the surplus of the NLIB, National Loan & Investment Board.

The body of this story gives 50,000 as the round number of automotive vehicles registered and operating in the Commonwealth. The table gives the precise number, 49,195. More gasoline tax money was released during 1937 than was actually collected, and the average tax per vehicle, P260 for 1937, was based in the story on the taxes released. Actual collections were P5,688,335 from gasoline, P540,401 from lubricating oil, and P4,137,342 from licenses, etc., at the registration office, a total of P10,365,078 or P211 per vehicle. From kerosene P1,316,177 more was collected during the year and turned into the road funds, but this is not a tax on cars. Con-

(Please turn to page 16)

Highways in Provinces in Relation to Auto Registrations

Provinces	National		Local		Totals
	Kilometers	Highways	Kilometers	Highways	
Abra	88.1	104.2	77		
Aguisan	120.1	10.4	122		
Albay	156.6	197.4	699		
Catanduanes	45.4	47.1	...		
Antique	158.6	119.3	170		
Batangas	75.0	34.3	143		
Batanes	22.2	5.1	1		
Batangas	207.9	265.7	1,065		
Benguet	142.0	153.3	1,541		
Binh	232.0	339.9	431		
Bukidnon	135.9	59.6	60		
Butuan	94.9	307.0	1,151		
Cebu	289.2	125.3	440		
Camarines N	99.4	53.4	304		
Camarines S	136.7	230.9	353		
Compostela	247.6	191.6	472		
Cavite	129.6	155.2	950		
Cebu	284.4	655.4	2,422		
Cotabato	195.7	106.3	170		
Davao	109.9	62.1	1,011		
Iloos N	153.6	238.2	273		
Iloos S	217.7	90.8	346		
Iloilo	239.9	389.0	2,175		
Isabela	156.7	87.9	122		
Laguna	158.6	141.7	832		
Lanao	223.5	18.3	229		
La Union	132.8	125.2	305		
Leyte	225.0	360.0	804		
Marinduque	73.3	63.1	86		
Masbate	113.8	73.6	106		
Manila	18,309		
Mindoro	110.9	103.2	70		
Misamis Oc.	125.4	61.0	257		
Misamis Or.	240.6	117.2	483		
Mt. Prov.	352.4	161.5	57		
Negros Oc.	298.4	439.6	4,084		
Negros Or.	217.9	213.3	595		
N. Cotabato	217.1	385.5	921		
N. Vizcaya	125.8	42.0	210		
Palawan	60.9	86.3	63		
Pampanga	104.0	359.9	1,440		
Pangasinan	284.3	542.7	812		
Rizal	134.1	161.9	2,682		
Romblon	105.9	80.4	26		
Samar	310.6	210.9	123		
Sorsogon	161.8	109.1	111		
Sulu	57.7	162.3	87		
Surigao	122.9	117.9	136		
Tarlac	152.1	151.2	592		
Tayabas	163.3	231.7	587		
Zambales	131.2	37.9	260		
Zamboanga	74.7	80.7	442		
Totals	3,888.7	8,677.0	49,194		
		8,388.7			
Combined roadways	17,065.7	49,194			
Autos per Km. of highway, almost	three.				

roads. Supplementing this was a sum well over P4,000,000 from fines and registration fees at the automotive division of



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THIS COUNTRY GROWS

On the page opposite we reprint from the Manila *Daily Bulletin* of Monday, January 31, a commentary on the Commonwealth's four-year public works policy that deserves attention. We have always thought it too bad that Philippine coconut oil bears an excise tax of 3 cents a lb. in the American market, the source of most of the so-called *gift money* discussed in the article. Before a single peso of this tax was collected, because it all comes back to the treasury of the Commonwealth, our attitude was that it should be renounced—on the ground that it was an unjust, unsound and immoral levy. Yet we foresaw that this would not be done, it would come too easily and mean too much in the budget.

We are still of the opinion that the tax endangers the Commonwealth's coconut industry, therefore we are not reconciled to it. But we think it bold indeed to label this tax or the sugar processing tax *gift money*, or to consider the duty-free entry of Commonwealth products into the American market *gift money*. They have aspects of permanency, therefore are not even windfalls. Also, if some day they are to cease, spending them largely to improve the country's productivity and decrease production costs is hardly unwise.

On another point, the country's capacity to grow its food will not be retarded either by public works or higher wages, bringing higher prices: demands stimulate production.

The authority cited, unnamed, feels alarm over monetary circulation that is almost \$162,000,000 and approaches that of 1929, when we can not remember that it hurt anyone or that anyone complained of it. However, that much money now is not inflation. If the circulation now is correctly reported, there has been marked deflation during the past ten years. For during that time the population of the Commonwealth has grown at least 25%, and to be on the same monetary basis as we were during 1929 we should now have in circulation \$200,000,000. *The basic economic factor here is the constant and remarkable growth of population. Money is still too costly in the Islands, money facilities too tight.*

VICTORIA THE GREAT

Seeing the fine British picture *Victoria the Great* set us to reading over again, Lytton Strachey's *Queen Victoria*; and we read it in the night, there is no more exhilarating pleasure than reading through a Philippine night. The picture follows Strachey closely, but Strachey makes no allusion to the attempted regicide or the invitation to Albert to leave the galleries of the Commons. (Victoria's diary alludes to visits of the Lords by her and Albert, and cordial reception there). However, what we get at now is Albert's service to England incidental to his effort to please her and at the same time make the crown strong—something he never effected, his sense of failure hastening his death.

Albert built the Crystal Palace, and had a magnificent imperial and worldwide show in it—the prototype of the world fairs of our times. But what he did, better than even this, was to embellish public buildings by application of the arts—by use of artists. Here is something worthy emulation by the Commonwealth, we submit, during its four-year public works program. Work needs not merely be made for artisans, but even more emphatically for artists; to the end that the arts may be founded, and that everything that meets the eye publicly shall have a pleasing appearance making favorable impressions. There is much room for employment of carvers, masons, sculptors, and painters. We believe they can all be hired cheap. There is no economy in educating them, then leaving them without commissions and even going ahead as if their skill were superfluous.

It was precisely this stodgy viewpoint that the persistent Albert overcame in Palmerston's and Wellington's England. In America the same movement awaited the Philadelphia Centennial, but moved slowly until after the turn of the century, and Roosevelt has given it its main impetus—coincident with a veritable *period* of fine American art that it probably evoked. Such gestures can be very practical. There comes along, in due course, the historian, who when he has summarized politics, always appends a chapter on the *state of the arts*; and it is this afterthought, curiously enough, that comes to be the measure of the whole achievement.

PRESIDENT MEYER REELECTED

The organization meeting of the Directors of the American Chamber of Commerce, following the annual meeting January 28, reelected President Paul A. Meyer for another term, his eighth, and elected Howard M. Cavender vice-president. At the annual meeting, C. A. Salmon, vice-president for a number of years, withdrew his name from the balloting. Ill health is the reason for this, Mr. Salmon's work on the board having been

Criticism of the Commonwealth's Public Works Budget

(See Editorial opposite page)

The government's spending program and its probable effects upon the national economy were discussed in economic circles during the week-end where concern was felt over its inflationary tendencies.

It was declared that so much spending of public funds, in addition to expenditures necessary for the ordinary operation of the government, which have consistently risen since the inauguration of the Commonwealth, would have the effect of raising the price of commodities and consequently, the cost of living. Price levels, it was noted, have gone up considerably in the last two years. So have house rentals.

The benefits, therefore, sought for the Filipino masses by the pouring of millions of pesos into the country's financial channels would be brief, it was pointed out, and at best feeble because, whereas the earning capacity of the laborer has apparently increased, the price of commodities, on the other hand, have so risen as to offset whatever gains have been made in increased wages.

But the pertinent question to ask, a prominent economist said, is "What will happen when the money runs out?" He observed that the present Philippine-American relations do not indicate that the United States can be depended upon as a permanent source of "gift money."

He asked whether it would not be more in order to devote the available funds of the Commonwealth to enterprises which

would continue to yield returns to the national wealth.

Since the establishment of the Commonwealth government, P45,000,000 have been added to the country's monetary circulation in the form of benefit payments to sugar producers, bonus to United States war veterans in the Philippines and pensions to teachers. To this must be added special appropriations authorized by the National Assembly since its first session as follows: P18,242,764 in 1936 and P45,133,887 in 1937, the latter figure not including the special appropriation of P5,050,000 for the construction of school buildings authorized by the Assembly in its last session.

The P45,000,000 previously mentioned may be regarded, it was pointed out, as "gift money" since it forms no part of the public funds appropriated for a public purpose. Of this sum P25,000,000 was in benefit payments to sugar producers, some P5,000,000 in redemption of adjusted service certificates held by United States war veterans in the Philippines and P5,000,000 as pension payments to teachers.

If to this enormous amount of money is added the no less enormous sum which President Quezon proposes to spend for financing an ambitious program of public works, the Philippines would experience a state of unprecedented "prosperity" which nevertheless would be artificial and, as such, involve some dangers to the national economy.

Monetary circulation will shoot up to new levels probably exceeding even such peak

years as 1920 and 1929. In the latter year, the highest monetary circulation was reached in December when it went up to P102,788,637. Last December, even before the millions from the oil tax was put into circulation, the monetary circulation was P161,489,426, indicating a close approach to the peak prosperity period.

The increase in special appropriations has been paralleled by a noticeable increase in the ordinary appropriations of the national government. This has had the tendency of augmenting the monetary circulation and consequently producing a state of apparent prosperity in the country. The figures are as follows: for 1935, P52,974,835; 1936, P58,342,973; 1937, P60,710,781, and 1938, P76,296,207.

Some economists believe that the spending of public funds to stimulate business by the increase of monetary circulation and create a state of economic buoyancy is plausible provided it is done under certain conditions. In times of business or economic recession, for example, they pointed out, funds for public works may be let out to provide employment.

But it was stated that the proposal to dump millions of pesos now when the monetary circulation already has hit high levels and when a state of prosperity prevails is likely to cause a rise in the price of consumer commodities which the greater bulk of the population needs and instead of helping the people it would penalize them.

Some of the projects proposed to be undertaken by the administration may be considered of the kind which may be wealth producing but observers stated that if they are so they will take years before producing results, if at all, and it is doubted whether they would. The government's business ventures belong to this category, it was explained.

—Manila Daily Bulletin—1-31-38.

excellent. Horace B. Pond was nominated and elected in Mr. Salmon's place, but pressure of circumstances moved him to decline to serve—he was unwilling to serve without giving the place the attention it deserves. Directors Howard M. Cavender and S. F. Gaches were reelected for full terms, three years. Alternates elected are: E. D. Gundelfinger, Leo K. Cotterman, K. B. Day, and H. Dean Hellis.

Alternate Gundelfinger supplies the place in the board vacated by Mr. Pond.

Major and minor panels on the board are filled with men of wide and varied interests. Oldtimers who require no introduction to our readers, whose confidence they

enjoy, President Meyer's reelection attests unanimous appreciation of his administration of the chamber of commerce, and the esteem in which he is held as a business man universally respected in the business communities of Manila as well as by all who know him. Carl G. Clifford was reelected secretary of the chamber of commerce. Toward the end of the year he and Mrs. Clifford returned to Manila from a half-year's travel that restored Mrs. Clifford's health. Acknowledgment is made of the good services to the chamber of commerce of H. O. Bauman as acting secretary during Secretary Clifford's absence abroad.

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As the Gentle Rain . . .

From time to time the *Journal* feels at liberty to invite attention to some of the private charities of Manila. The Masonic ward for crippled children at the Mary Johnston hospital in Tondo is not of course restricted to Masons and in fact ministers in the main to children from other homes. Aside from the above, one of its preoccupations is tubercular children. On its sun porch and under its general treatment, mainly proper diet and patient nursing and medical care, dozens of tubercular cases are corrected. Milk is essential to this, and eggs. The reward is the restored health of the children, helpless to aid themselves.

We have already noted that Mrs. Salvador Araneta is founding a society with similar ambitions in Mandaluyong, the White Cross. (Our November, 1937 number).

Miss Bessie Dwyer, the noble woman who writes the *Waifs & Strays* column in the *Sunday Tribune*, in sending some notes about the Mason's children's work (Miss Dwyer is an ardent Catholic) quotes from the late John Hay's random rhymes:

*And I think that finding a little child
And bringing it to its own,
Is a heap sight better business
Than loafing around a throne.*

The great statesman who refounded America's China policy and had active part in shaping that for the Philippines merely paraphrases in this stanza of sound sentiment the words of Christ . . . "what ye do unto the least of these, ye do it unto me."

But there are others who need, besides children. All our hospitals have eloquent claims upon our assistance.

Miss Dwyer describes the Abiertas House of Friendship. The name too fully reveals its basic function, at-tests its usefulness to our city. Mrs. Asuncion A. Perez was the activating spirit here, Charitarian Teodoro R. Yango gave the site, in San Juan, value P28,000, and Edwin Cooper, with the Union Church behind him, took the lead in raising P13,000 for the well built two story



building that is the House. Furnishings comprise donations. Something you no longer use at your house must be very worn indeed if it may not still find usefulness here. Think of this when tempted to throw things away. Can you not contrive one useful mosquito net out of two torn ones? Even such donations serve great needs. At your club, when new equipment for the rooms is bought—what of the old, possibly much of it still useful. Miss Dwyer:

"One large bedroom upstairs has been assigned to penniless American women awaiting passage back to the homeland. It gave me the shivers. Two double beds, guiltless of mattresses, the clean floor bare, no chair that promised even a moment's comfort. Ye gods! What journey's-end has raveled down to this?"

"And yet, this room gave shelter and safety to at least one woman, now happily dead, born in luxury, reared in extravagance, graduated from a famous college, who, while beauty and wit lasted, cut a swath as wide as *The Toast of New York*. I speak for these bare rooms. Surely there must be some worn rugs, some furniture

(Please turn to page 16)



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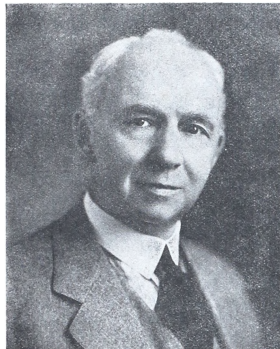
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LETTER OF THANKS



Senator Ernest W. Gibson
 ... had us quoted at length in the
 Congressional Record of January 11.

Hon. Ernest W. Gibson.
 United States Senator
 Senate Office Building
 Washington, D. C.

Distinguished Friend:

When you wrote of your purpose to have my editorial "Inseparability" printed in the Congressional Record, I had no clue to the particular number you would select. Your choice, January 11, was a most happy one for which I am deeply grateful. That number of the Record with its Jackson Day speeches, could not be exceeded as a setting for a brief examination of the bonds, that I believe indissoluble, associating the United States and this Commonwealth.

For all which, sincere thanks.

This acknowledgment is made an open letter because it suggests something that our readers will endorse and encourage. There is of course no challenge in it, nothing to give you pause, or to constrain you to any decision, nothing, in short, but the fullest appreciation of what you, and your colleagues on the Committees, in both branches of Congress, are doing, in collaboration with other responsible men there, and here, toward basing in recognized constitutional forms the relationship that should persist between the Federal Government and the federation of fifty provinces, Manila included, that constitutes the Commonwealth you have erected here.

It is my conviction that the Committees should pay an early visit here, equally for renewal of the mutual confidence that should be cordially maintained, and to sense, member for member, the circumstances in which the Commonwealth proceeds. They would not behold perfection, neither would they encounter anything deeply discouraging, in the domestic situation, to men of seasoned discernment.

While I write to catch the clipper mail, I am confident as a newspaper man that my conviction is widely shared: at Malacanian

and in the Assembly, among ministers and teachers, among officers, officials, and rank and file members of commercial organizations and clubs, and I think, down to Juan de la Cruz whose welfare was the objective of the Committees' labors.

The Commonwealth is now in its third year, and if the Committees have slighted a single obligation, or committed an oversight unconsciously, it consists in not having visited here earlier, or having no plans to come now.

I say this because it seems that request may reach the Committees for additional legislation, perhaps of an important nature, and it goes without saying that you will all be reluctant to undertake this without first-hand information; and further, without your own insight into things.

The Commonwealth deserves your presence here—that of the Committees—that at the earliest possible opportunity, that should not be later than Autumn. For it can not be imagined, without seeing, the remarkable strides forward self-government has induced. Men who could appreciate this best would be men of the Committees, who could examine it in the perspective of their experience.

You will all, of course, soon be seeing Governor McNutt, the Commissioner. He leaves Manila for Washington on the plane that carries this letter. He is, as you know, fearless, able, honest. No one here would say of him less than this, and his tact in exercising the Federal authority has been impeccable from the moment he got his shoulder squarely to the wheel. His ambition for higher public life at home is unabated by his responsibilities here—so well discharged.

There must be a word or two more.

I am sure you see, and through the sounds of battle hear, the East and the West breaking asunder. I gather that the Commonwealth is resolved to stay with the West through the medium of the United States. Given the governing circumstances

of the world today, I think you will agree with me that this attitude should not be rebuffed. Inmate differentiations can not be safely asserted one time more. Already, Europe as the older part of the West is about as secure as the unseeing Bourbons of France were at the time of Louis XV. But let us believe it sees better.

So ought the United States see better, and the Committees, very substantially, are her means of doing so.

It is not mere hometown stuff to cite Manila's geographical position, the foundation of enormous potentialities for the United States, who could easily make her the capital of all the great affairs of the Far East; and this, in the main, by sheer realization of, and insistence upon, her actual importance one of the physical manifestations of which is an ocean commerce of three million tons a year—a ton of goods or commodities for every family in the Commonwealth.

Governor McNutt has some decided views on this point, apparently, and may be the man to assist the Committees in rousing the pride and interest of the people in the gratifying fruition of a long, consistent, and upright Congressional policy now flowering in the Commonwealth; and even more vital and arresting, America's sovereign association with this crowning and admirable achievement of our generation.

But I must remark how, as yet, depreciation of the magnificent factors in the situation shows in little inadvertencies. May I just cite one? I have no notion of how such things are done, nor how much machinery must be moved in order to do them, but I notice that the Committee names were not changed when the Commonwealth inaugurating self-government for the Archipelago was founded, and that they have not been changed since. One, I believe, deals only with the Commonwealth. The other, I think it is yours in the Senate, is somewhat more general. There is a little suggestion of depreciation, if you will permit the inference, in the neglect to change the names in such a way as to emphasize

(Please turn to page 18)

Nederlandsch Indische Handelsbank, N. V.

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Paid-Up Capital . . . Guilders 33,000,000 [P37,000,000]
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Every Description of Banking Business Transacted
 Current accounts opened and fixed deposits received
 at rates which will be quoted on application.

Broadcasting from Manila

By Goldilocks

"This is the National Broadcasting Company of America. For the last half hour you have been listening to a recital of Chamber Music given by the Sheer Bilgewater Quintet brought to you through the courtesy of the Silent Sanitary Fittings Association, whose slogan is 'A Silent Flush and You won't Blush.'"

"We are now taking you over to Manila where Mr. H. P. Source, who is on a voyage round the world, will endeavour to give you some impressions of that city but, as he has only been ashore a little over twentyfour hours, this station accepts no responsibility for any inaccuracies which may occur in the information that he has already amassed. So now—over to Manila, the Pearl of the Orient..."

"Morning Folks! Or should I say good-night to you, in the States? This time business has had me all mussed up ever since I lost a day when crossing the Date Line coming out on the boat. I've kept a diary regularly for years and used to boast that I never missed a day. Now a day has missed me. What am I to do with that blank page in my diary? Incidentally, it happened to be my birthday and many letters have since reached me wishing me many happy returns of a day that, for me, never existed! These astronomer chaps have a lot to answer for, and if I had my way I would arrange for the same time to be kept all over the world. Anyway it is morning here and a very fine one, but before I begin my broadcast I want to say a few words about this Pearl of the Orient stuff. I have traveled all over the East and have already stopped off at enough Pearls to form a good-sized necklace. Aren't pearls the things that someone in the Old Testament cast before the Gadarene swine, thus causing them to rush down a steep place into the sea? Why, then, connect the fair name of Manila with a bauble that caused so much damage and is, after all, nothing more than an oyster's fossilized appendix? If I had been here a year ago, a very popular name would have been the Eldorado of the Orient or the Mine Promoter's Paradise, but conditions have changed a lot since then and the Eldorado is all pasado (excuse my Spanish) and most of the mine promoters have hopped it to fresh claims and suckers new, to parody old Bill Shakespeare.



"Nevertheless it is quite a remarkable city, with numerous fine public buildings, including a City Hall and the Foundation Stone for another. It is to be hoped that the erection of this new building will not be such a protracted affair as was the laying of the Foundation Stone, as otherwise none of us will live to see it completed.

"Manila goes one better than Washington in respect of the President, who lives in a Palace, whereas Mr. Roosevelt only has a White House. This Palace is situated on the Pasig river and has a history nearly as romantic as the Taj Mahal of India. It appears that near the beginning of the last century a Spanish grandee was on his way out to Manila to

act as Governor and Captain General, and on the same boat was a beautiful Malayan girl who was returning to her home in the East after completing her education at a finishing school in Paris. The young G. G. fell violently in love with her, and by the time she left the boat at Malacca it was arranged that she should meet him in Manila the following year, when they would be married. Meantime the Governor journeyed on to Manila, where he proceeded to erect a gorgeous palace for his dusky bride, but Fate decreed that she was never to set eyes on this expression of his bound-

less love, as she was eaten by a tiger on the eve of her departure from Singapore. The shock was too much for the Governor, who died shortly after of a broken heart, but not before he had expressed a wish that the Palace should be named in honor of his beloved one. And so today it is still known as Malacca Ann.

"I am now speaking to you from the roof of another famous building, the college put up by San Juan de Letran in 1620, although how he knew it would still be standing in 1937 I'm blessed if I know, but, believe it or not, those are the dates that appear on the wall facing the river. Of course if the guy was some relation of Don Juan Tenorio it is reasonable to suppose that he would know something about dates.

"Before arranging this broadcast I made inquiries as to what parts of the city would provide me with the most local color, and was told that the Jones Bridge during the rush hours would give me a pretty good idea of cosmopolitan Manila. This bridge was built by the Americans to replace the old Bridge of Spain that spanned the river near this spot, and they christened it Jones after the famous ballet dancer Paul. Oh! Excuse me a moment, one of these San Juan gentlemen tells me I got that wrong. The guy's name was William Atkinson Jones, and you can read all about him in an inscription on the large columns standing on either side of the entrance to the bridge.

"Manila has four rush hours per day at approximately 8 a. m., noon, 2 p. m. and 5 p. m., and as the Jones Bridge is the main artery connecting the residential quarters with the downtown district where most of the offices are situated, nearly everybody has to pass that way. There is no subway as in New York, so the rush is usually a slow motion one.

"From where I am standing there is a good view of the approach to the Jones Bridge, and the early morning rush hour is now in full swing, or perhaps I should say full blast the din is terrific. There is a modern composition for the piano often played at concerts called *Rush Hour in Hongkong*, but to do justice to a Manila rush hour the composer would need the resources of a full orchestra at least. There is another bridge across the downtown section of the river, but at present it is suffering from one of its periodical declines and is barred to heavy traffic, thus making the Jones Bridge more congested than ever. At the foot of the bridge is a policeman under a large umbrella, whose duty it is to regulate the flow of traffic coming off the bridge, likewise the huge volume struggling to get on from the approaches leading from Intramuros, Padre Burgos, the Port Area and the Post Office. The particular policeman on duty this morning is a very famous character and has been connected with this billet for an unknown number of years, yet he never seems to get any older. Perhaps it is due to the



exercise he gets, as to direct five streams of traffic with only two arms requires the expenditure of a considerable amount of energy, and at times this barrel shaped stalwart gives a fair imitation of a cross between a baseball pitcher and a windmill.

"But, whilst I have been describing some of the aspects of the scene before me, entrants have been lining up for what might very aptly be called the Jones Bridge Stakes. For at least ten seconds the policeman's two arms have been raised on high, forbidding all access to the bridge, and aspiring crossees are accumulating at an alarming rate, lining up in some sort of formation about ten abreast, with late arrivals falling in the rear.

"The policeman's attention has been temporarily attracted by a disorderly carromata which has decided that the bridge is too steep and so is slowly descending backwards in a series of zig-zags, threatening to become a serious obstruction in the forthcoming race. As soon as his back is turned the entrants start creeping closer to him, stopping the minute he turns back, much as in the game we used to play at school.

"The course is eventually cleared and, after a couple of false starts, the signal to go is given just as a small auto calesa comes tearing up from behind and gets off well ahead of anybody else. An auto calesa, by the way, is a miniature pirate bus, and from the way they worm in and out of the traffic I should imagine that they are constructed with flexible chassis. The race to the summit of the bridge is now on, and what a motley collection of runners! At least half are taxis which may be divided into the Fifteen and Five Cent, Two-Year-Olds, and the diminutive Ten and Five corks which are just about ready for the knackers yard.

"A lordly mining magnate in his Packard is well up in front, closely followed by lesser lights in the business world in cars of a descending order of motor magnitude. There are also several buses from the

southern provinces carrying mixed cargoes of humans, pigs, chickens and vegetables. One truck is full of carabaos with their lunch carried on the roof in the form of bundles of grass, whilst others are loaded with shining new kerosene tins, loads of lumber or twisted steel bars, all of which carry little red flags prominently displayed either in front on the engine casing or tied to the extremities of the merchandise projecting at the back. I haven't yet been able to discover the true significance of these flags, but a local Japanese resident tells me it is yet another proof of the insidious Russian propaganda in the Far East.

"Mixed up in all this mechanically propelled traffic, and getting in everybody's way, are numerous calesas and carromatas. Being a tourist I am expected to rave about the former with their "dear little ponies and their brass studded harness glittering in the tropical sunshine," etc. As a matter of fact, every motorist in Manila wishes them all at the bottom of the sea, apropos of which here are a few local statistics that have just been handed to me:

"If all the carromatas in Manila were placed end to end and their drivers could be induced to keep them in that position for a short time, it would be found that the line stretched from here to there.

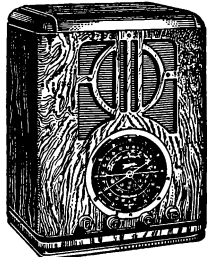
"If the same carromatas were piled one above the other, they would undoubtedly fall down.

"If the resultant debris were hurled into the Pasig its passing would be accompanied by a hymn of thanksgiving from the larynx of every car driver in Manila.

"Well, folks, I'm going to leave you now, as two taxis indulging in a butting match on the crown of the bridge have succeeded in getting their bumpers interlocked and have completely disorganized all the traffic. The policeman has left his post in an attempt to straighten things out, and I am going down to see the fun. Cheerio and good-bye!"



ENGINEERING TRIUMPH FOR 1938



Zenith Model 7-D-229

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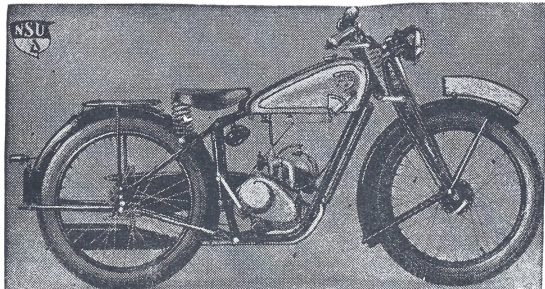
Guaranteed Foreign reception

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Manila — Cebu — Baguio — Davao — Panacea



TRANSPORTATION FOR—
Agents... Inspectors...
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The FAMOUS MOTORCYCLE—
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"PONY 100"

100 KILOMETERS FOR LESS THAN 30 CENTAVOS!
Saves time by avoiding all parking troubles; covers your territory quickly in heaviest traffic; ideal for delivery of small parcels.

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ASIA LIFE IS NOT ASIAN

The Asia Life Insurance Company, although it operates extensively and successfully in the Far East, is not controlled or managed by Asiatics. It is a 100% American company, organized some eighteen years ago by Americans in the Orient, operating under an American charter.

We had a talk with Mr. W. F. Savale, genial Philippines manager for the company some time ago, and while we found him optimistic for the future of his company here, and justifiably enthusiastic about its past record, he unburdened himself to us somewhat vehemently about the fact that many Americans in the Far East have the impression that the Asia Life is a Chinese, a Japanese, or even a Malay States company. Incidentally, Mr. Savale is not an Italian. He is as American as the company he serves, and he does not pronounce the last "e" in his name.

We could mention a lot of things about the Asia Life—that in 1936 it had the third largest gain in force of all life insurance companies in the Philippines (figures of all companies for 1937 were not available as we went to press); that it maintains a New York office to look after repatriated policyholders from the Far East, etc. Mr. Savale is enthusiastic about these things and others indicating the growth of the company here, but principally he is mad

at the foreign citizenship which has been conferred upon his company gratuitously.

What's in a name? Not a great deal; its men in any organization who really make (or break) it, but, we repeat, Asia Life is definitely not Asiatic. Go up to the top floor of the Samanillo Building and listen to Savale's yankee twang if you don't believe us!

BOY SCOUTS SEEK FUNDS

The Boy Scouts of America who have dropped away from the general organization in the Philippines because they wish to maintain more consistent standing with the organization in the United States (where at last the members go, for their higher education) are out for funds. They have procured the necessary permission for their drive.

The coordinating committee headed by Robert Miller makes its appeal to the American community.

Automobiles...

(Continued from page 9)

siderable alcohol was once used here for automotive fuel, but a better U. S. market more recently is said to have diverted most of this alcohol to that outlet—it is a product of the sugar industry. However, a discrimination remains in the law that no effort of the public works administration has ever been able to repeal: domestic alcohol used for motor fuel is not taxed.

A Letter of...

(Continued from page 13)

and dignify the important functions of the Committees with Commonwealth matters and in association with one Commonwealth's administration.

The term "Commonwealth of the Philippines" is needed to be used in the Committee names, and nothing could be of more subtle and valuable influence in impressing public opinion.

With all good wishes and renewed thanks,

Faithfully yours,

WALTER ROBE.

Frederic C. Howe

Economics Adviser at Malacañang

Manila

"Again I want to thank you for the various memoranda you handed me, which I shall have to study in more detail. I want to become more fully acquainted with the whole problem of Philippine relationship with the United States before I leave. Up to date I have neglected it, and I am expecting to get a good deal of help out of the things you have sent me and the various articles in the Journal."

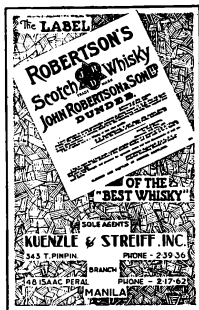
As the Gentle...

(Continued from page 12)

that wears you as some of mine wears me. Send it to the Abiertas House of Friendship through Mrs. Asuncion A. Perez of the Associated Charities."

The House of Friendship is undenominational. Unmarried young mothers are its main preoccupation. Means by which they may live and support their children respectfully are not always readily found.

We have only chosen for brief comment, two out of the many worthwhile charities in Manila privately supported whose plight illustrates what even the most insignificant gifts will do toward keeping them going and widening their field of helpfulness.



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KLEIN CHICAGO PLIERS

BEST IN THE LONG RUN

E. VIEGELMANN

460 Dasmariñas

Manila, P. I.

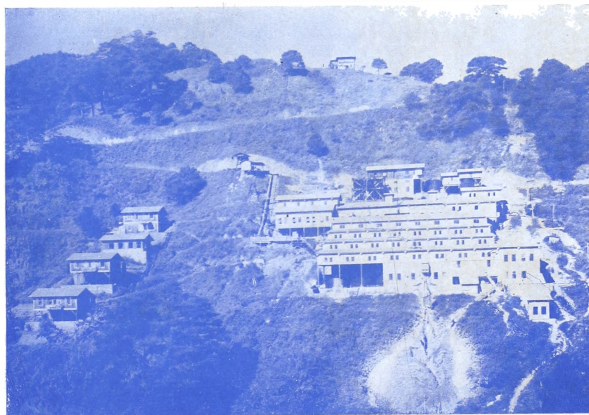
Tel. 2-24-41

MINING REVIEW



AMERICAN CHAMBER

OF COMMERCE JOURNAL



Baguio Gold's Mill. Baguio. Commonwealth of the Philippines

This thriving gold mine's 1937 output was ₱1,271,888, during the year it upped mill capacity to about 250 tons of ore a day and improved recovery processes. The president is Paul A. Meyer. The superintendent is W. T. Graham. The capital is ₱1,299,900 on which 5% was paid June 30, 1937, and 10% December 20, 1937. 1936's output was ₱1,077,108—exceeded last year by nearly ₱200,000 while the plant was enlarged and improved and the ore reserves further developed.

January's production last year was ₱78,622; and this year, ₱134,101, an increase of 70%.

CHECKS STARTING WEAR



Golden Shell
MOTOR OIL

THE ASIATIC PETROLEUM CO. (P. I.) LTD.

CEBU MANILA ILOILO

Certified Lenses!

This copyrighted trade-mark:

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on a Clark & Company lens is our certification that the lens is expertly made, free from defects and in exact accord with the prescription for which it was ground. It is your assurance that your lenses are correct.



A Glass of Good Beer!!

*That is what you enjoy
when you order*

San Miguel Pale Pilsen

*The Quality The Taste
The Zesty Tang—The
famous Subtle Bouquet
Never Vary in the grand
old brew*

a product of the

Marsman and Company
Baguio Agents

SAN MIGUEL BREWERY
where the mark "Quality means QUALITY"

Pikers, That's What We Are!

Our genial friend Bill Shaw has gained no little fame for the remark that Baguio would never be a proper gold mining community because there wasn't a red light district in the whole town.

Bill might have called attention to a lot of other features of mining as he remembers it, in the days of the booms in Colorado, Nevada, Utah, Mexico and elsewhere—features which we have missed in the Philippines so completely that we can only conclude that we are pikers in this mining business. Just when we had begun to conceive of the local industry as a pretty big and prosperous affair, and thought that some of the stunts pulled off by the boys in 1936, et ante, were not bad examples of the promoter's art, along comes this book ("The Guggenheims," by Harvey O'Connor) to reduce Philippine mining to peanuts, and to make the Escolta bunch look simple.

For instance:

On February 9, 1902, exactly 25 years prior to the date when this is written, Daniel Guggenheim, head of the house of Guggenheim, signed a contract with John Hays Hammond, American mining engineer who had just escaped with his life from a Boer court in South Africa, calling for payment to Hammond of a salary of ₱500,000 a year for five years, plus all expenses, plus 25% interest in all properties recommended to the Guggenheims by the engineer.

It was by far the largest salary ever paid to a man at that time, and even in the lush and hectic decades after that, was a mark for most big executives of billion-dollar corporations to shoot at.

Hammond himself made ₱2,500,000 out of this contract the first year he was with the Guggenheims, but what the Guggenheims made out of Hammond's services, directly and indirectly, has probably never been completely tallied.

The announcement of the signing of the contract not only made Hammond the unquestioned king of mining engineers of his day, but elevated the Guggenheims from an important if humdrum position in mining, to "the misty cloudlands of High Finance."

So great was Hammond's reputation, so widely was his name known, that he had only to look at a piece of property to start a mining boom in the locality. Hammond would arrive, with his retinue, in state. If the property called for an ocean voyage, he often travelled in a private yacht; if it was on the American continent, he went as far as possible in a private railroad car, and from then onward in the best conveyance that money could hire.

Though Hammond made millions and retired at the end of his five-year contract as a capitalist in his own right, the Guggenheims were to emblazon their names across the financial pages of the world with such prop-

- *If you think our mining industry is big stuff, read about how the boys did things in the days of the bustle... Gosh!*

erties as American Smelting & Refining, Nipissing, Yukon Gold, Esperanza, Kennecott, Utah Copper, Nevada Consolidated, Braden and Chile Copper.

But it was the occasional promotion scheme of those early 20th century days that was really marvelous.

Here was one:

The panic of 1907, with raids on Guggenheim companies conducted by the Rockefeller-Morgan interests, had left the Guggenheims pretty short of ready cash. Among properties which they held was Yukon Gold, on which exploration work had been done, but which had yet to be developed and proved. The Guggenheims needed ₱7,000,000 in cash, and needed it badly. Thomas W. Lawson, a spectacular promoter, was signed up to promote a ₱50,000,000 company (Yukon Gold), of which ₱35,000,000 would be issued, and 700,000 shares at ₱10 per share would be sold. The amount to be sold represented, in other words, 20% of the total capitalization of the undeveloped mine, and would provide just the amount of cash the Guggenheims needed, ₱7,000,000.

Lawson launched an advertising campaign which used every important newspaper in the United States, Canada and Europe, and which in itself cost ₱2,000,000, with announcements appearing daily. His first ad, headed "Fair Finance No. 1," was a flamboyant but general announcement of forthcoming "good news—which will cause you to sit up—straight up—and take notice."

Fair Finance No. 2, however, was a classic. Here was Lawson's copy:

"TO EVERY MAN AND WOMAN WITH SAVINGS:

"Up to four years ago the people of America invested their savings in Wall Street or in stocks created in, or controlled by, Wall Street. They bought what the Captains of Finance told them to buy. They were not equipped to know the worth of what they bought. The people annually brought to Wall Street millions of their savings—and left them there. A further result—a few score of men became possessed of fabulous wealth."

He then proceeded to relate how the people, fed up, had forsaken the stock market and how a panic had overtaken Wall Street; after which, "the Captains of Finance asked my advice, and, upon receiving it, my co-operation."

"I said to the Captains of Finance," Lawson wrote in his ad, "The people have been educated to the old game. They will not again, blindly, send their hard-earned savings to your market place. If the people will not buy their flour, their sugar or their woolens without first being shown they contain no chalk, no sand, no shoddy, why should they buy

grossly adulterated stocks or good stocks at grossly manipulated prices?"

"Then I agreed to act as salesman, but upon my own terms, which were that I be first actually shown the value of the goods to be offered, and in a way that would enable me to prove the values to the people so that they, too, would actually know them."

As a result of "pawing over" the "goods of the Street," as he phrased it, Lawson was now offering to investors:

"First, millions of gold; Second, scores of millions of copper; Third, hundreds of millions of . . . (to be named later)."

He explained: "Men and corporations of great wealth and business responsibility have been induced to contribute 20 per cent of one of their most important investments to the public at 50 per cent of its actual sure worth, or 25 per cent of its perhaps worth, for the purpose of proving to the public, in an unmistakable way, that from now on the people are to get a square deal in American finance . . . In thirty-eight years in finance, I have never known of an investment which combined safety—government bond safety—with unusual dividends or unusual profits. In that time I have never known of any investment where large dividends were combined with sufficient safety to justify an honest man who really knew finance in advising, say, a woman of ordinary means, to exchange her Government bonds or savings bank deposits for it . . . In this Gold case, all the above heretofore unmet with conditions surround and control the investment which will be offered."

On Saturday, March 28, 1908, the stock went on sale on the New York Curb. Lawson stated that he had been besieged with offers from brokers and bankers to buy up the issue before it went on sale to the public, but had resisted all temptation because of his determination to show the public that he meant to indulge in "Fair Finance." Every share of Yukon Gold that was for sale, he promised, would be offered on Saturday at "not less than \$5 nor more than \$7.50 per share, so that all the people may profit." Although, he said, "unquestionably, if I allowed it, the trading would begin on Saturday at \$10 and above."

Lawson turned out to be wrong. The brokers were apathetic, the public was notably uninterested, and despite a tremendous crowd which gathered to see the show, the stock was quoted at the close of the frenzied Saturday's trading at only \$6.50. By the following Tuesday, it had definitely flopped. Despite great efforts on the part of the promoters, staunchly backed up by periodic statements of confidence in the mine issued from Guggenheim headquarters, public interest never revived, and by 1910 the stock was sold at from \$2 to \$3 a share, and never went higher.

The property which had \$70,000,000 in capitalization, actually paid during its life less than \$24,000,000 in dividends, with no return whatever on the principal; and of the dividends, the Guggenheims received \$12,000,000.

But that was a comparatively small potato. In May, 1909, the same spectacular Thomas W. Lawson had hit

upon a copper mining property known as Santa Rita, in New Mexico, which had been worked by Mexican Indians before the Spanish conquest, and which in more modern times had a very interesting history even before Lawson started to work on it. In 1899, the Amalgamated Copper Syndicate bought it from Mrs. Phoebe Apperson Hearst, mother of the famous publisher, for \$2,800,000. But it was a low-grade ore property, and the purchasers let it lie idle, discouraged with it, during the decade before Lawson's roving eye discovered its "possibilities."

Lawson launched the Santa Rita Mining Company, whose profits were to be based on what he claimed was a newly-discovered process for treating copper ore—the "wet chemical" process.

He explained all this to "the great public" in a promotion stunt that still stands out as a mark of some kind—a prospectus in the form of a 300-page book, copies of which were sent to a list of 62,000 prospects throughout the length and breadth of the country.

The financing scheme was rather complicated. First, there was the Santa Rita Mining Company, 85% of whose stock, along with the right to use the "wet chemical" process, was to be handed over to the Process Copper Company for \$6,000,000 in 8% bonds convertible into 8% stock, \$18,000,000 in common stock and \$6,000,000 in preferred; in addition to which Lawson and his associates were prepared to share with the public \$60,000,000 worth of Process Company bonds; and in the future, when other copper companies should come to the company and beg for the right to use the "wet chemical" process, there would be another public offering of \$180,000,000 in common stock. Those figures, added together, make a total of \$450,000,000.

Where is the Escolta operator who has even dared to put that many zeros on paper in the privacy of his own office? How can we get a thrill any longer out of a mere \$1,000,000 or even \$5,000,000, all in plain common stock, with no bonds, no preferred shares, not even a 300-page prospectus?

Lawson's Santa Rita project was a complete failure from the promoter's standpoint. The prospectus came out the middle of May, 1909, and three weeks later Hayden, Stone and Company, brokers and financiers, had taken over the property, and Lawson was completely out of the picture. But Hayden, Stone and Company were not in Lawson's class. They capitalized the company at only 750,000 shares, of which they kept one-half. This was followed by the apparently inevitable bond issue, for \$5,000,000, and later another 100,000 shares of stock were offered. Few were the mining companies of those days which raised enough capital on the original financing to get into production; and in almost every instance, there were common and preferred shares, bonds, and what not else, in the corporate scheme before the mine settled down to actual operation.

The figures were dazzling, not only the figures used by the promoters, but those involved in mining. For instance, the Guggenheims spent \$40,000,000 in hard cash in building a railroad to haul ore from an Alaskan mine to the seashore, yet this expenditure, staggering as it seems, was not extraordinary for them. As much as the total value of all the gold we produce in a year—just for a little railroad line to a mine!

(Please turn to page 22)

The National Produce Exchange

● *What it is, and how it operates, or is intended to operate*

As far back as the 12th century, we are told, the Japanese developed and used a system of buying and selling for raw silk which was essentially the same thing as modern commodity brokers know as "future selling," or, more professionally, "hedging." The Japanese version of this game, uncomplicated by export markets, tax impositions, quota systems, and all the other appurtenances of the business of today, was comparatively simple, and easily understood by the producer of the silk as well as by the dealers, or brokers, with whom he dealt.

The business of hedging through a commodity exchange in these modern times is, however, not quite so easily understood. We do not mean to imply that it is wholly mysterious, or that it can not be learned; we do mean that it takes a bit of study to catch on.

That, unquestionably, accounts for the as yet negligible volume of commodity trading being conducted on Manila's newest exchange, known as the National Produce Exchange. But its sponsors have hopes for it as an active marketing agency, and rather strenuous efforts are being made to "educate" the grower and the broker in the ramifications—and the advantages—of operating through this exchange's facilities.

The idea of a national commodity exchange is not, of course, entirely new. It has been talked about for many years. Before the National Rice & Corn Corporation was created, the Bureau of Commerce carried on a small commodity exchange business for the benefit of growers of agricultural products of all kinds. They simply announced that they would undertake to find buyers for agricultural products consigned to the Bureau, and invited growers to take advantage of their services. If a buyer was immediately on hand, the sale was made; if no buyer showed himself by the time the products arrived in Manila, the Bureau stored the stuff in a warehouse and looked around. The system worked all right, but on small scale. The Bureau charged a commission of $\frac{1}{2}$ of 1 per cent for their services, plus warehouse charges if any.

But private enterprise did not, apparently, desire to go so far as to undertake the formation of a real commodity exchange, and so, at the suggestion of President Quezon, the National Economic Council studied the problem and recommended, in 1936, the establishment by the government of such an exchange. The National Assembly thereupon duly passed the necessary legislation creating this exchange, said legislation being known as Commonwealth Act No. 192. Operations of the exchange started in September, 1937, but were confined in those days to what the boys know as "spot trading"—in other words, buying and selling of commodities ready for immediate delivery. That is child's play; the complications crop up in hedging, which involves contracts to buy or to sell products for future delivery, but at a price set and agreed upon at the time the contracts are entered into.

The provisions of Act No. 192 included a fund of ₱50,000.00 to get the exchange into operation. A board

of governors was selected, consisting of the Hon. Eulogio Rodriguez, chairman, and as members, Dr. Manuel L. Roxas, Dr. Victor Buencamino, Mr. Aurelio Montinola, and Mr. Cornelio Balmaceda. The last named gentleman was named as acting manager, being detailed from his post as director of the Bureau of Commerce for the purpose.

With the assistance of experienced commodity brokers, growers, and others, a set of rules and regulations, and by-laws, were finally drafted. The exchange was thereupon opened for membership applications, the rate being ₱500 per membership, and the number of memberships being limited for the time being to 25. There are now 24 members active on the exchange.

Most of the members are also members of the regular mining stock exchanges, but there are also some commodity brokers and one or two active agriculturists in the list.

Everything being ready, on January 12 of this year, the boys announced that trading in futures would begin. In other words, hedging.

But what, the public wanted to know, is hedging? In fact, not a few of the members of the exchange wanted to know the same thing, too. So you see how new this operation is, and how little understood.

Hedging, as we understand it, works something like this: Let us say that you are a sugar planter, and that you have a crop planted which will be ready for delivery in November. Today, the price of sugar on a spot basis (that is, for immediate delivery) is, let us say, ₱6.70 per picul. You don't know whether, by next November, it will be ₱8.00 or ₱6.00. If it should be ₱8.00, and you wait until next November to sell, you make money; but if the price should drop by that time to ₱6.00, you don't make so much. So you can hedge; in other words, you can contract to sell the crop which is now in the ground, to be delivered at some future time at a certain price. You may agree to sell November sugar, for instance, at ₱7.20 a picul, and somebody else will agree to buy it at that time at that price. If the price advances beyond ₱7.20 per picul by November, you as a grower do not get any more than the contract price of ₱7.20; on the other hand, if the price in November should be lower than ₱7.20, you still get ₱7.20 for your sugar.

The idea is, in short, to insure yourself, as a grower, against possible downward fluctuation of prices in the future; or to assure yourself, if you are a buyer, against possible upward tendencies.

Sugar growers of Cuba and Puerto Rico, we are informed, have long known of the hedging system, and regularly hedge through the New York Commodity Exchange, which is in practice the barometer for not only Cuba and Puerto Rico, but for the Philippines as well. Being closer to New York, Cubans and Puertoricians find it possible to operate directly through that exchange; out here this may not be so practical, but the same thing can be done through the newly created local commodity ex-

change, whose price changes in turn are a direct reflection of what goes on in New York.

Another reason, too, why the local produce exchange is advisable is that the New York exchange only operates for one of our local products, sugar, whereas with a local exchange all other agricultural products can be included, though perhaps not all can be successfully dealt in as futures. Trading in futures here is now limited to sugar and rice, which are classified according to standard grades and which thus lend themselves readily to selling for later delivery. The exchange, according to Mr. Balmaceda, plans later to add copra and hemp to the futures list. However, other products, such as tobacco, for instance, are difficult to include in this classification because of lack of standardization. Your

tobacco buyer, we are told, wants to personally inspect what he is buying, and this can't be done when you are buying something that is possibly not yet planted in the ground. Such products as can not be included in futures trading will, however, be included in the spot trading list, so that a market place will actually be provided for agricultural products of all kinds.

Proponents of the produce exchange maintain that without it, there is no adequate competition among buyers of agricultural products; that in consequence, the grower or producer is pretty much at the mercy of the buyer or dealer, who fixes his own arbitrary prices. The exchange claims that the open bidding which is compulsory on their floor, and the fact that all operations of the exchange are open to public scrutiny, operate not only to furnish the

free competition which is essential to fair trade, but also to provide a ready market in which to buy or sell.

Another point made by the exchange is that since its members are elected with emphasis on their business integrity and financial responsibility; and since the exchange operates under carefully worked-out rules and regulations which provide for penalties unless observed, trading through members of the exchange should work out as a protective measure for the grower or buyer.

Undoubtedly there are advantages to the exchange system. On the other hand, there remains one weakness of the hedging operation which the exchange has no power to overcome; that is, that if a grower of sugar, for instance, needs some ready cash before his sugar is ready for the market, his problem is where and how to get it.

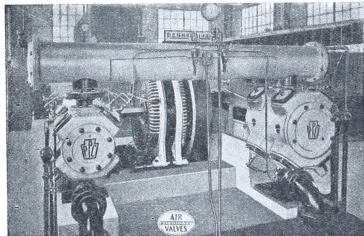
Sugar producers in Negros, for instance, have for many years been accustomed to using the big buyers as bankers, obtaining advances on their crops without difficulty from any one of several big concerns. That has been a great convenience to the grower. True, when his crop is ready for the market he will only collect the going price, whatever it may be at the time—high or low; but meanwhile he does have some source of ready cash if he needs it. Agriculture being what it is, the grower very often needs ready cash, so the convenience of being able to get it might offset any advantage offered by the hedging operations possible for him to indulge in on the new produce exchange.

Unless, of course, the local banks can into crop loans. That sort of business is common in agricultural districts in the United States and may in time become equally common practice here. In that case, a grower who has hedged his future crop will take his futures contracts into his bank, borrow a certain percentage of the total value of his future crop, and deposit the futures contracts with the bank until the loan is liquidated. Simple enough procedure, if the banks will do it. Some effort is being exerted to create crop loan interest among local banks, and we hear rumors that the efforts may soon bear fruit. So far, however, there remains considerable difficulty for the grower dealing on the produce exchange to get cash now for a crop that he won't harvest until some months later.

First month of operation of the National Produce Exchange resulted in very little volume of trade, but considerable curiosity on the part of all concerned. The hedging procedure has been patiently explained by members of the exchange to lots of growers and buyers of commodities of all kinds, and the exchange management has reason to hope for gradually increasing business activity in their pit. Starting out in a building adjacent to the National Rice & Corn Corporation, they soon found the location too distant from the financial center and decided to move in next door to the International Stock Exchange, on the second floor of the Crystal Arcade. There, if things work as hoped, one group of brokers will be yelling, "Sell 10,000 Utopian Gold at 43!", while next door another group hollers, "Buy 40 sugar contracts at 7.61!" While far from the Escoba, miners dig and farmers plant and wonder what it's all about.



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Better Prospects for Philippine Coal

By R. G. WUERKER, Dr. Eng.
(Consulting Engineer & Geologist for the
Gatbo Coal and Power Co.)

Coal all over the world is still the most frequently used, and in nearly all cases also the cheapest natural product to supply power, to give man help in his mechanical jobs, light in his home and comfort in his private life.

Unfortunately the coal in the Philippine Islands has an exceptionally bad reputation. The misfortune of the biggest enterprise in coal mining here deterred everybody from taking a chance in this field of mining. Only some die-hards who found in checking up that a profit could be made with coal carried on the struggle which every industrial enterprise has to go through at the start. Now, as the price of coal is climbing, it is easier to see that profits may be realized. But let us exclude these extraordinary situations and deal henceforth with normal conditions.

A usual objection is that the quality of Philippine coal is not good. Too young geologically, not able to compete in price or quality with coal from Australia, Japan and China, and what not else. Fact is that the only producing coal mine in the country today is selling its products readily for use in steam boilers, in the up-to-date coal dust boilers of the Meralco, etc. So the claim that Philippine coal is not good must not be entirely correct. Also the fact must be remembered that elsewhere hundreds of millions of tons of a much lower grade than Philippine coal are consumed yearly.

Valuable research work on how to make the best use of Philippine coal was done already in 1907-1908 by Mr. Cox, of the Bureau of Science. He came to the conclusion that without doubt steam vessels can successfully use most of the Philippine coal, but for stationery power plants he recommended gasifying rather than burning local coal, which according to his findings was ideal for use in gas producing plants.

In the meantime engineering science has not stood still, and has widened the range of use of Philippine coal considerably. The coal dust boiler was developed and with it the possibility for use of nearly every

kind of coal. Big boilers of this kind are of course only economical in very large plants. Outside of Manila there would be hardly any need for them. But where locally power has to be generated on a small scale, especially in islands with coal deposits (Mindanao, Cebu, Masbate, Batan,

at the hospital show that this gasifier is now fed not only with coal but with wood, sawdust, husk and other refuse. That gasifiers are able to burn refuse as fuel may be another comforting fact (for the pessimists who have some doubts on the future of coal mining here).

A better proof of economy may be a recently built suction gas plant which uses locally mined coal and therefrom supplies one of the big cities in these islands with electricity. A glance at the economy of such a coal gas plant in comparison with a diesel engine gives some very interesting results. The suction gas plant is reported to generate 1 kilowatt hour at about half of the cost of the diesel of equivalent capacity. The initial cost of the gasifying plant is however about 50% higher.

A remarkable feature of these gas suction plants, is what the engineer calls the thermal efficiency. That is, in other words, the relation between the amount of thermal units put into the boiler and the equivalent of thermal units transformed in work. In ordinary steam engines this value is only about 10%, the greater amount of heat escaping unused through the generator, the cooling water, and other radiation. Possibly in the case of Philippine coal it is still less. In comparison with the steam engine the thermal efficiency of a suction gas plant is normally 25%. That means (besides cost saving) that in case Philippine coal is used in the future only in gasifiers instead of under boilers, one would have 150% more coal for use. With regard to the protection of the as yet comparatively small coal resources here this should not be over-looked.

Another interesting feature of the suction gas plant is that the gas engine is of a convertible type. That means that in case the coal supply stops for one reason or the other, such a convertible gas engine can be run with crude oil like a diesel engine. A reserve supply of crude in every plant is a precaution usually taken.

Another complaint against Philippine coal is that it is not cokable,

The Gatbo Coal and Power Co., capitalized at the modest figure of P100,000, has under lease some 800 hectares of land on which are located some old Spanish coal workings. According to information furnished by the company, with about P60,000 actually paid in, a very considerable amount of development work is reported by the engineers, principally in opening up the coal veins, putting in adequate drainage to enable continuous production during wet weather, and in improving transportation facilities. Rather large coal deposits have been opened up, interestingly enough exactly in accordance with the plan of the old Spanish workings, which present-day engineers found they could not improve upon. Production of coal so far has been confined to such amounts as were dug out in tunnelling, cross-cutting, and in making galleries for working the vertical veins of coal. The operators of the property expect shortly to be producing enough coal to make the mine self-supporting, and look forward to a considerable volume of production which, with modern developments in combustion engineering, they hope to be able to market for various purposes in the Philippines.

No claims are made of a high-grade coal, although we are told that some deposits of really good coal have been located in the Philippines. Marketing possibilities for Philippine coal are mainly based on advances made in recent years in the technique of using coal, which we are told open up a wide variety of uses for local deposits.

The accompanying article was written for the "Journal" by the company's consulting engineer and geologist, Dr. R. G. Wuerker.

Catanduanes, Polillo, Luzon, etc., the suggestion of Mr. Cox to gasify rather than to burn Philippine coal still stands as a useful possibility.

On his recommendation a 67 H.P. Otto unit for power supply was installed on the compound of the Philippine General Hospital. Inquiries

with the exception of a few seams in the Government owned mines in Mindanao.

In the last few years a new process for the production of metallic iron has been successfully introduced. No coke, no blast-furnace (with the tremendous investments involved) are required. In this new process the iron ore is reduced to metal in simple rotary kilns as in a cement plant. Coal from the Malangas Coal Field and other Philippine coal after a certain preparation can be used as reducing matter. Thus does technical progress clear new ways for use of Philippine coal, which may help to develop a local iron and steel industry.

The two foregoing proposals—power generation in a modern way for small plants and fuel supply for an eventual Philippine iron industry—deal only with projects which can be carried out with coal already proven

to exist in the Philippine coal fields.

But the oft-repeated phrase, "hardly scratched mineral resources" of the Philippines also stands for the coal fields. Should the coal miners have the same good luck as some of the gold-diggers had, and strike larger deposits, then a third possibility for use of Philippine coal by extracting by-products for chemical raw materials could well be realized.

Pikers that's . . .

(Continued from page 18)

And as for "escrow shares," there was no such thing in those days. The SEC had not yet to be born, and while President Theodore Roosevelt did gain lasting fame as a "trust buster," his period in office was all too

brief to have seriously handicapped the operators of the financial three-ring circuses put on for the edification of the "great public." Roosevelt was followed by the genial and easy-going Taft, and financial whoopee was the order of the times. Roosevelt and Taft split, thus splitting the Republican vote, and Woodrow Wilson was elected. Wilson looked at things with a somewhat jaundiced eye, and the boys were beginning to fear that he might do something, but the War scare came along and kept him too busy maintaining America's neutrality. All in all, that period from the late 1800's, and including the War, was a glorious epoch.

You could sell securities in any kind of mining project, proved or unproved, or even non-existent. No permits were required. No limits were imposed on the financial structure, either as to form or as to size. A million dollars was such an insignificant item that when American Smelting offered \$11,000,000 for the Guggenheim's privately operated smelters, which could be duplicated for \$4,000,000, Dan Guggenheim snorted, "What kind of money is \$11,000,000? In this country, nothing!" He was right, at that, for by holding out, he eventually got control of the entire Smelters trust.

Heigh, ho, those were the days. When your broker calls up one morning and tells you that such-and-such is selling at 54 cents and liable to go to 56, your answer is apt to be, "So what? That's only 2 cents!" And, you might add, so is our whole mining industry.

Just the same, we like it this way—don't you? Pikers we don't mind being, but suckers, never!

James Hopkins, Mining Engineer and Geologist announces he is now available for Mine Examinations, Geological Investigations and General Consulting work, and is opening his office in the S. J. Wilson Bldg., Room 7-E.

Mr. Hopkins, who is a licensed Mining Engineer, has been in the Islands over 2 years and has been connected with Benguet Consolidated on some special geological work in the Baguio area and was Engineer in charge of Quartz Hill Mining Company until December of last year.

He has also been in Africa connected with gold and diamond mining, reconnaissance Geology in South America and Mexico and various types of mining and geological work in the United States.

Philippine Iron Dividend: A cash dividend of 5% on the common stock was declared by this company last month. This amounts to P2.25 per share, as the par value of each share of common is P50.00. Total amount in dividends will be P100,000.00, on 40,000 shares outstanding.

This is the only company in the Philippines, so far, which produces iron on a large scale. Most of its goes to Japanese buyers. The property is located in Larap Peninsula, and in Camarines Norte. It is covered by Torrens Title. Atlantic, Gulf and Pacific Company manages the mine.

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Consolidated

Since December of last year, the street has been buzzing with talk of Consolidated Mines—engineers were being let out, the mine at Tumbaga had flopped, the chrome was inferior, not salable; Benguet was disappointing in results, and what not else.

Seeking to verify these reports, the *Journal* interviewed the chairman of the board of directors of the company, Mr. Courtney Whitney. Following this interview, Mr. Whitney has written a letter to the *Journal*, which we publish herewith, together with principal portions of a report on chrome operations submitted to Consolidated by Judge John W. Haussermann of Benguet, and a letter addressed by Mr. Whitney to the stockholders of the corporation, accompanying Judge Haussermann's report:

CONSOLIDATED MINES, INC.

Derham Building, Manila

February 15th, 1938

American Chamber of Commerce Journal,

Manila, P. I.

Dear Sirs:

In response to your recent inquiries concerning the operations of this Company, please be advised that the development in progress at our Tumbaga Mine is proceeding as contemplated in the report of our Chief Engineer, Mr. George O. Scarfe, of January 18, 1938. The mill on this property has been running without interruption at approximately two-thirds its rated capacity, and be-

ing now well advanced on our schedule of mine development, we look forward to bringing the property into the full production planned in a very short time. The property, under the present scale of production, is now showing a substantial operating profit.

Subsequent to Mr. Scarfe's report, our No. 3 Vein, which at that time had just been cut on the 150 Level, has been drifted on both north and south sufficiently to demonstrate both in width and values considerable improvement over the 100 Level. Ore deliveries to the mill from our No. 3 Shaft have been averaging well over one ounce (\$35.00) per ton in gold content.

Concentrates being produced are running approximately five ounces of gold, six ounces of silver, and 20% copper per ton, with the net value of the copper being more than sufficient to pay all smelting, transportation and marketing charges.

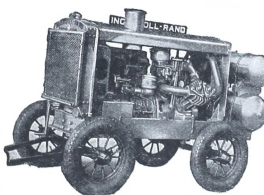
Although only in production a few months, there has been sold and delivered from our Masinloc Chrome Deposit ore of a gross value of One Million Twelve Thousand Forty Pesos (P1,012,040.00)*, last month's deliveries of ore sold alone amounting to Two Hundred Twenty-Nine Thousand Pesos (P229,000.00). These results would appear to best evidence the reception this ore is being accorded by the trade and gives an idea of the potentialities of this operation once introduction of the ore in industrial channels has been completed.

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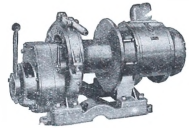
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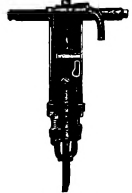
Ingersoll-Rand



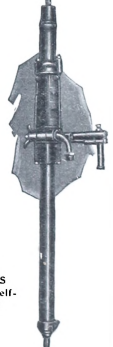
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The Pegs

Rising prices on the stock exchanges of Manila have been the occasion for a considerable amount of agitation on the part of some brokers on both the International and the Manila for removal of the pegged prices on listed stocks.

At this writing, no official action has been taken on the matter by either exchange.

The pegs may or may not be removed; if the agitation becomes strong enough, or price levels rise high enough to make them ludicrous, they probably will be.

In this connection, a very interesting hypothetical case has been described to the *Journal*.

Suppose a group of operators in the local exchanges should see an opportunity, once the pegs are removed, to concentrate a relentless fire of rumors, misrepresentations, or what not about an issue on the exchanges which they might select because of its vulnerability. The Manila market is notoriously subject to fluctuations based on rumors, both good and bad, and it is not inconceivable, having in mind past happenings of this kind, that a self-interested group with wide connections could start a depression in almost any but the very strongest issues on the boards.

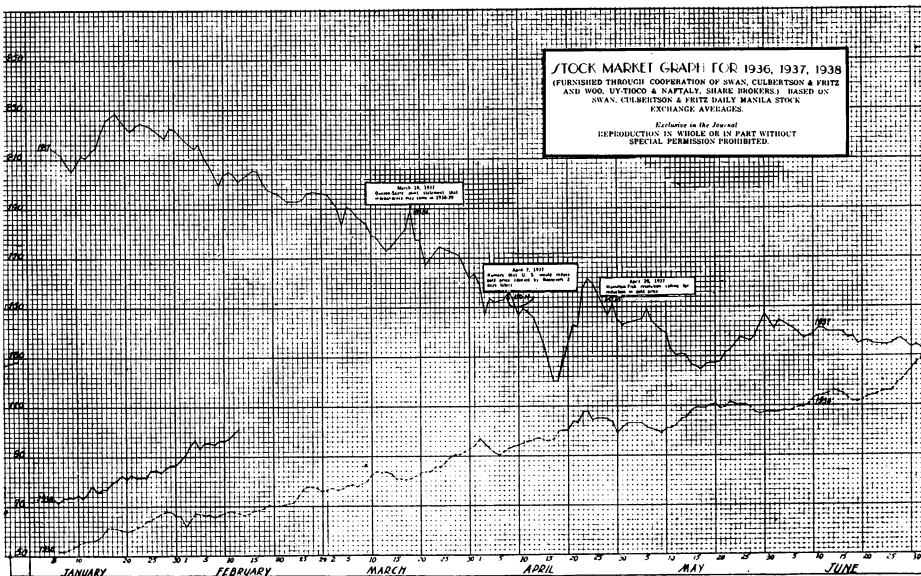
Assuming, then, in our hypothetical case, that such a group existed, that the pegs were removed, and that

the group decided to concentrate the fire on a certain issue. A whispering campaign could be started—"did you hear this . . . ?"; "I understand that . . ."; "someone was telling me that . . .," and so on. However baseless or fantastic such rumors might be, they would spread rapidly, and would undoubtedly have at least a temporary effect on the issue involved. An effect that might push the price of the issue considerably below its pegged level.

What, then, would there be to prevent the group from stepping in to buy up what they could at the depressed prices, then either start counter-rumors to bring the price back up, or wait for reports on the mine itself to bring the prices back to justified levels?

Nothing.

But if the pegs should be removed? It will be interesting to see just what may transpire if the directors of the two exchanges should decide that the time has come to jerk out the pegs. Persons who know their way around on both exchanges, believe that it is entirely possible that such plots are already a-hatching. It will be interesting to watch later developments.



Surigao Iron

An Editorial.—It is learned with regret that private enterprise has had to be denied opportunity to exploit the Surigao iron deposit, and that it has been turned over at least for the time being to the National Development Corporation. The corporation begins its activity at this deposit of low-grade iron with an outlay of ₱120,000 for a thorough-going survey of the full extent and average quality of the deposit. If not too late, in our opinion the project should still be made the subject of bids by private companies able to back their offers with bonds.

It is our understanding that from private companies, royalties up to 50 centavos a ton of ore may be expected, while the National Development Corporation will, if it actually mines ore and sells it, pay the Commonwealth only 40½ centavos a ton.

There is but one market for Philippine iron ore, Japan. Any company acquiring lease of this iron deposit will necessarily make its arrangements with Japanese buyers. No objection rises here, the Development corporation itself would have to do the same thing. If the corporation undertakes to mine and ship the iron, it will lack capital for the undertaking. In the end it will have low grade ore—probably not marketable even in Japan unless a contract exists that a forfeitable bond enforces.

Why have the Commonwealth so close to such a transaction? To us it seems highly imprudent.

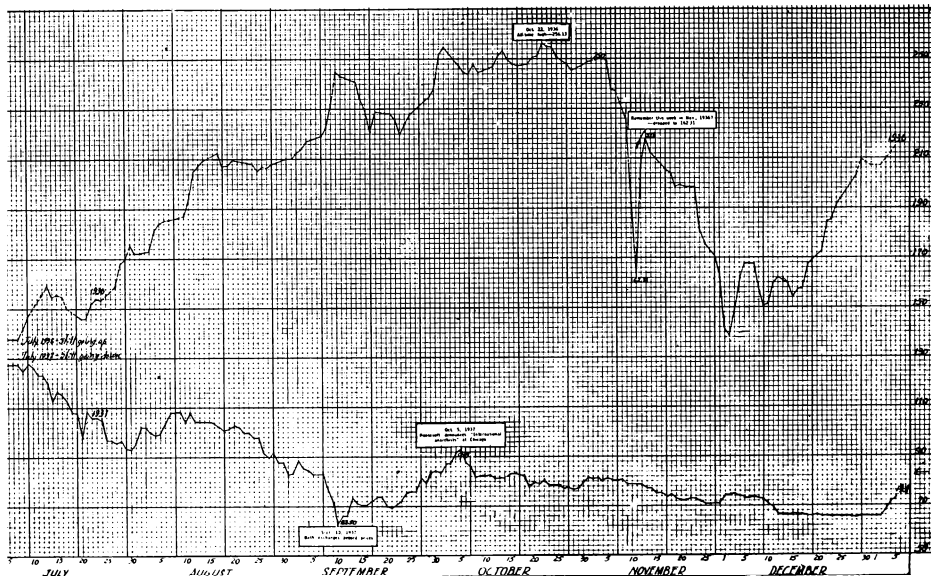
The present opportunity to move this iron, heretofore immobile in the Commonwealth's resources, is fortuitous. It comes of special circumstances that are temporary. If it passes, there is no prospect that the iron will ever be moved.

As we get the facts they are these:

Japanese interests (tied up with shipping and steel) stand ready to get out two million tons of this iron a year under contract with a private company, the company holding from the Commonwealth under a twenty-five-year lease. The royalty to the Commonwealth would be a minimum of fifty centavos a ton, a million pesos a year during twenty-five years. Two hundred shipments of 10,000 tons each, would be required to move a year's production of the iron. To procure the ships, the tie-up with shipping and steel in Japan would have to be a close one.

That is a concern of the Japanese who want the iron. The legitimate concern of the Commonwealth is the royalties the iron would pay to the public treasury, and the three million pesos a year that mining and loading the ore would entail by way of daily expenses, mainly for labor. The Commonwealth has at stake here, some four million pesos a year. The proposed buyers, dealing with a private company selected by the Commonwealth on the basis of royalty bids submitted, would assume all risks—under firm and sufficient bond.

(Please turn to page 41)



Consolidated...

(Continued from page 25)

Concerning your reference to various rumors which have been circulated on the streets of Manila regarding the operations of this Company, although many of such rumors have come directly to our attention, we have not given same serious consideration. In the first place, we feel that it ill-behooves a corporation to attempt to dignify by answer every false rumor or report circulated pertaining to its activities. In the second place, for the most part such rumors have been so utterly fantastic as to merit and receive little or no consideration from responsible persons, without full verification.

Of course, rumor and gossip, however convincing it may appear, cannot have the slightest effect on operations and until such time that we are convinced the rights and interests of our stockholders are being substantially prejudiced by the circulation of same, we shall make no move toward their suppression. As to those responsible, although they may reap immediate gain thru market manipulation, the price to be ultimately paid for such gain will be considerable thru the loss of public confidence which must inevitably follow.

I trust I have made our position quite clear.

Very truly yours,

(Sgd.) COURTNEY WHITNEY

Chairman, Board of Directors

*—This includes the value of 1,400 tons of ore now being loaded for shipment.

CONSOLIDATED MINES, INC.

February 15th, 1938

TO THE STOCKHOLDERS:

I take pleasure in transmitting herewith copy of a report from the Benguet Consolidated Mining Company pertaining to the operation of our Masinloc Chrome property during the year 1937.

Although Masinloc has only been in production a few months, up to this writing there has been sold and delivered from our Chrome Deposit, ore of a gross value of One Million Twelve Thousand Forty Pesos (P1,012,040.00)*, last month's deliveries of ore sold alone amounting to Two Hundred Twenty Nine Thousand Pesos (P229,000.00). These results, over a period in which the steel industry in the United States has been admittedly badly depressed, would appear to lend emphasis to the favorable reception this ore is being accorded by both the metallurgical and refractory trades and give an idea of the vast potentialities of this operation once introduction of the ore in industrial channels has been completed. Although the purpose of this letter is to transmit Benguet's report on the chrome operation, it appears opportune at the same time to advise that progress in our Tumbaga Mine development is proceeding as contemplated in the report of our Chief Engineer, Mr. George O. Scarfe, of January 18, 1938. Our mill has been running without interruption at approximately two thirds its rated capacity, and being now well advanced on our schedule of mine development, we look forward shortly to stepping up production to the full planned capacity. Under present production, a substantial operating profit is being realized.

(Please turn to page 32)

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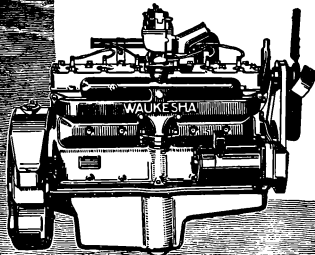
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Waukesha builds forty-three different engine models burning all gas or liquid fuels, 10 to 325 H. P., to meet the specialized power needs of thirty-four industries.

Model 6 BK, for example, Waukesha Marathon Six, isurdily built for exacting service in modern speed vans. The Ricardo Combustion Chamber speeds and completes combustion, saves valves and seats, produces more power with less fuel, reduces crank case dilution, prolongs life of bearings. See the Table for specifications—note there are seven main bearings, 2½ inches in diameter.



For Bulletins covering the general line or special applications, please address the home office. A new brochure, *What Is That Hesselman Engine?* describes this economical diesel-oil burning, spark-ignition, low-compression engine, making especially remarkable records in bus operation. Ask for a copy. Also available in Spanish: ¡QUE ES UN MOTOR HESSELMAN!

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21-037

NON-FERROUS METALS GET GOOD START IN NEW YEAR

Outlook gloomy for zinc but most prices advance slowly in quiet trading.

(By the United Press)

NEW YORK, Feb. 10—(UP)—Reflecting a general good sentiment, most non-ferrous metals got off to a good start in 1938, according to the monthly summary of the magazine *Metal and Mineral Markets*.

Only a general confusion over the objectives of the administration prevented a strong advance in metal prices and production, the publication said.

Trading was generally quiet. Copper started strong, but slumped slightly as stocks increased. The sales volume early in the month in the major non-ferrous metals was the largest since last August. The lead industry showed increased activity and the outlook seemed bright. Difficulties were forecast for the zinc industry unless lower costs can be achieved.

The publication noted some optimistic prospects for the copper market despite increased stocks. According to the *Electrical World*, the electrical utilities in this country plan to spend \$472,640,000 during 1938 on new construction, an increase of four per cent over the appropriations for 1937, promising some help to the copper industry.

Business of lead producers is strong, the journal reported, adding:

"The trade appraises the business transacted during the last two weeks as having placed producers and consumers in a comfortable position, and there has been no pressure to sell. . . .

"Domestic lead shipments for 1937 totaled 575,933 tons, which compares with 513,361 tons in 1936 and 433,456 tons in 1935. Shipments in 1937 averaged 47,994 tons monthly against 42,780 tons monthly in 1936 and 36,121 tons in 1935."

The lead industry of the United States has been steadily characterized, the publication continued, by continued improvement in regard to production, consumption, price and stocks.

Canada's nickel production is increasing, the journal reported, with the eleven-month total for 1937 calculated at 205,087,642 pounds against 151,689,604 pounds during the same period of 1936.

Trading in tin has been generally inactive. With tin-plate mills operating at 35 to 40 per cent of capacity and little in the way of encouragement in the news from Washington, buyers have been in no mood to expand their operations.

Demand for quicksilver remains quiet.

The silver market in both New York and London continues quiet and steady. The London price has stood around 20 pence most of the time.

Lower costs or higher prices are necessary in 1938 if the zinc industry is to prosper and avoid drastic curtailment of operations, Ernest V. Gent, secretary of the American Zinc Institute, reported.

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REGIOS

T A B A C A L E R A

In a review of the industry for 1937, Gent said that the industry began the new year in an excellent statistical position to benefit from any upturn in business, but wages and other costs, and prices were unsatisfactory.

Progress is being made, he said, toward improving technique in both the hot dipped and electro-galvanizing fields. Moreover, the use of zinc is expanding and labor relations in the industry are harmonious.

As of December 31, 1937, the zinc industry had unfilled orders of 48,000 tons, well under the 1937 monthly average of 76,468 tons, but not far under the 1936 monthly average of 50,903 tons. On December 31, stocks on hand totaled 64,776 tons, or about two months' needs at the current rate of shipments.

AVERAGE METAL PRICES FOR JANUARY, 1938

COPPER		Gain or Loss from Dec.
Electrolytic, Domestic refinery ...	10.025	+ 0.125
Electrolytic, Export, refinery ...	9.758	+ 0.173
London, Standard Spot	40.187	+ 1.312
London, Electrolytic, bid	44.000	+ 2.000
LEAD		
New York	4.900	+ 0.150
St. Louis	4.750	+ 0.150

London, Spot	15.687	- 0.187
London, Forward	15.812	- 0.312

SILVER & STERLING EXCHANGE

Silver, New York, per oz.	44.750	Unchanged
Silver, London, pence per oz.	20.000	+ 1.563
Sterling Exchange, "checks"	499.750	+ 0.225

ZINC

St. Louis	5.000	Unchanged
London, Spot	14.687	- 0.188
London, Forward	14.937	+ 0.062

TIN

New York, Straits	41.083	- 0.577
London, Standard Spot	181.000	Unchanged

OTHER METALS

Gold, per oz., U. S. price	\$35.00	Unchanged
Quicksilver, per flask	80.000	- 1.000
Antimony, domestic	13.750	Unchanged
Platinum, refined, per oz.	\$36.000	- 2.000
Cadmium	132.888	- 9.612
Aluminum, 99+ $\frac{1}{2}$ per cent	20.000	Unchanged

CHROMIUM

Chromium, 97 $\frac{1}{2}$, per pound	85.000	Unchanged
----------------------------------------------	--------	-----------

MANGANESE ORE

52 to 55%, c.i.f. Atlantic ports ... 40.000 Unchanged
(Domestic quotations, unless otherwise stated, are in cents per pound. London averages for copper, lead, zinc, and tin are in pounds sterling per long ton. Sterling exchange, checks, is in cents. New York silver is for foreign metal.)



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A blend of finest whiskies, each lending a trace of its own bouquet of peat or heather or pine; long years of slumber in vaulted darkness while these many flavors and fragrances were mingled and married together; a touch on the tongue as smooth as slow music and soft as the falling of dew; a glorious glow that spreads and suffuses and heartens with never a vestige of fire! All that's in a name when the name is White Horse. All that's in your glass when you name it.

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What the Diggers Are Doing



BATONG-BUHAY: A conspicuous example of a mining development which has continued quietly underway with a carefully planned program of development from the locating and prospecting stages to ore testing for a mill is Batong-Buhay ("live rock"). In his latest report to stockholders, Mr. Thos. I. Weeks, president, confidently anticipates that the mine will go into production this year, and that 1938 "will decisively put the property on the mining map of the world."

Operations at the property were commenced by Earle W. Berry, superintendent, in the second half of November, 1936. Crews of trained prospectors were started all over the property for the purpose of discovering outcrops other than the original discovery at Dickson Creek. Work on one of the new outcrops thus found soon uncovered the main ore body at what is known as Level G. This was then crosscut, and raises were run connecting the tunnels, all on a continuous vein. Sinking was started and carried through to a tunnel 100 feet below tunnel H on level G, and drifting was then in order.

All of this has been done in accordance with a well studied development program in which exploration work is coupled with development thus increasing ore reserves as exploration work on the vein is carried out. The vein appears to be holding up strongly with depth and the southern limit of the commercial ore body, according to Mr. Berry, will exceed the present southern limits on the upper levels. It has been found very difficult, due to the erratic dissemination of the ore, to find a northern limit to the ore body.

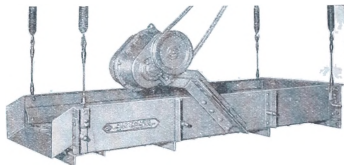
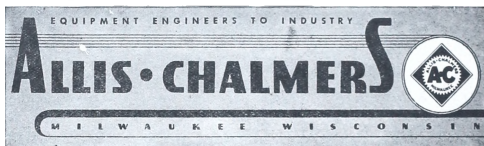
This main vein, the Dickson Creek Vein, is the one on which most development work has been concentrated, with a view to exposing enough ore to warrant the construction of a mill as soon as possible. However, all outcrops have been plotted on the map, and at such time as the property goes into production, work will be started on all known outcrops for the development of large tonnage ore bodies.

Positive ore as of January 1st, 1938, was P803,331.11. Probable ore amounted to P89,305.93, and possible ore was P675,228.15.

Stockholders have naturally been interested concerning the installation of a mill and getting into production. Mr. Weeks treats of this in his report, and states that the board of directors on Mr. Berry's recommendation, has decided to secure expert opinion based on minute examination of the property and a fair representation of the ore to be treated before the mill equipment is ordered. In order to get a fair representation of ore, it must be exposed in sufficiently large quantities so that it can be given the necessary metallurgical test by experts. The company is in communication with several mill equipment concerns regarding a mill, and preliminary tests are

being made at the mines by the engineer in order to render every assistance possible when the property is examined and final decision made regarding size and type of mill to be installed.

In one of Mr. Berry's reports, he has stated that, if the present favorable progress continues, he will be ready to recommend a mill before the end of the present dry season. This is contingent on exposing



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an additional large quantity of ore during the next three or four months in accordance with a program laid out by him.

Batong-Buhay Gold Mines, Inc. is capitalized at P1,000,000.00, of which all but P82,759.67 has been paid up. Almost 5 million shares (par value P0.01) are held in escrow to be released when permission has been received from proper governmental authorities. The stock has been selling in the neighborhood of P0.012 and P0.014.

HAUSSERMANN: The Haussermann-managed mines went along the even tenor of their way during January, producing about the same as in the previous month. Total Haussermann production was P2,147,922.22. Balatoc accounted for the largest single portion of this, producing P1,088,930.92; Benguet was close behind with P911,184.84. Cal Horr bettered its December figure with P106,990.34, while Ipo accounted for P42,816.32.

MARSMAN: Coco Grove, the largest dredging operation in the Far East, went into production last month, after a long lay-off for the installation of the two huge dredges, the "Mary Angus" and the "Anne Petronella." The "Mary Angus" is the first of these two dredges to go into production, with the "Anne Petronella" close behind.

The "Mary Angus" was first put into operation for a run of 6 and 1/2 days, out of which it was stopped 31 hours for readjustments. Actual operating time was about 125 hours. The clean-up amounted to approximately P24,000.00 from 30,000 yards, or a value of about 80 centavos per yard.

Approximate return, therefore, was P200.00 per hour; P4,800.00 daily, or about P144,000.00 per month for this one dredge.

From this first clean-up, costs of 30 to 35 ctvs. a yard were anticipated, but since then estimates of operating costs have been revised downward, and the first ten days of operation indicated that 20 to 25 ctvs. might be achieved.

Substantial improvement in actual production is also expected to be achieved later on, when problems naturally incident to initiating such a large dredging project are overcome. The two dredges are in fact unofficially expected to produce around P300,000.00 to P325,000,000.00 per month, or better.

Of the other Marsman mines, United Paracale, Ilogon, and San Mauricio turned in better production figures for January than for December, while Suyoc Consolidated stayed about the same.

SORIANO: Soriano mines were also up a bit in January. Antamok tonnage was valued at P430,104.59, which compares with 21,727 tons in December amounting to P415,626.98. IXL milled 10,025 tons in December, and only 9,944 tons in January, yet the value of the January production was about P60,000.00 greater than December, indicating higher-grade ore. Masbate Consolidated made the greatest improvement of the production with P298,929.80 worth of ore, milling 61,823 tons, against only P251,862.16 from 52,667 tons in December.

NEW HIGH IN MINE PRODUCTION DURING 1937: While the stock market concerned chiefly with mining shares, stayed in the doldrums of the memorable 1937 bear market, the mining industry itself plugged along steadily, and hung up a new high record in production of all metals for the year. According to figures released by the Chamber of Mines, gold production alone amounted to P51,260,646.00 for the year, and production and exportation of base metals accounted for P5,269,734.00 more, bringing the grand total up to P56,530,380.00, which does not take into account silver exports, which, for some reason, were not included in the Chamber of Mines figures.

This thumping gold production makes the Philippines second only to California in U. S. gold producing areas.

Director Quirico Abadilla predicts much larger figures for the coming year, because of the plans afoot to increase capacity of some producers, and the prospect that as many as eight, or even more mining companies will join the ranks of producers during the year.

It looks like a banner year ahead. Marsman has expanded the capacity of his mines most aggressively during 1937; increasing the mill capacity of Ilocos, installing new equipment and machinery at San Mauricio, two new dredges at Coco

(Please turn to page 39)

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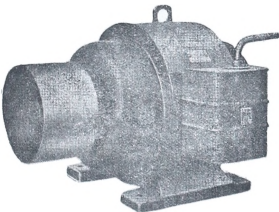
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Balintawak—
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Culled from the News

NIELSON: Tinago erects mill: Nielson and Company, managers of the Tinago Consolidated property in Masbate, announce that a mill to go into operation probably this month, is being constructed on the property. This mill will be the third placed in operation by Nielson interests, and will have a rated capacity of 50 to 75 tons daily.

It is a very unusual type of mill. It will produce gold bullion with a process which is a combination of cyanidation and flotation, using charcoal as a precipitant. The JOURNAL understands that no mill of exactly this type has yet been constructed here. The mine has been developed so that no difficulties will be encountered in furnishing the ore necessary to keep the mill running after operations commence. During the first month of operation, it is planned to run low grade material through the mill until the metallurgy is completely straightened out and the mill staff and crew efficiently trained in the process.

EAST MINDANAO HAS SMALL NET PROFIT: This company realized a net profit of P11,470.68 during its fiscal year ended October 31 of last year, according to a report to stockholders. Bullion production was P691,852.87. Operating expenses amounted to P411,331.75, leaving an operating profit of P267,307.40. This was reduced by allowances for ore depletion and ore depreciation, and other charges. When these charges were made, and the deficit for the last fiscal year subtracted, the net profit was reduced to P6,672.33 for the period.

The president and general manager, H. Gasser, reported ore reserves as of October 1st as P871,578.00 of which P548,845.00 is minable ore. Values average P21.74 per ton.

MASBATE GOLDFIELDS TO PRODUCE: Stockholders received good news at the annual meeting held on January 10th. William de Carbonnel, the company's consulting engineer submitted a report on the work done during the year, and it was announced that completion of the construction of a 125-ton mill will be accomplished, probably in March. Ore reserves were estimated at 69,820 tons, valued at P923,101.91.

D. M. Young, mill superintendent, commenced designing and construction of the mill in August of last year.

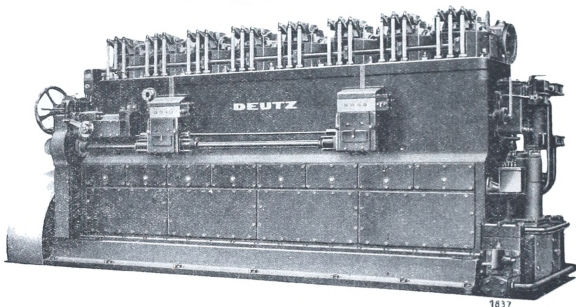
BUED STILL TESTING: This company is still testing its placer property in the Paracale district. Although placer machinery was installed last May, the company has not yet gone into production, as the work did not produce the results originally indicated, Mr. S. N. Schechter, president and general manager stated. The company is also examining and testing several other placer properties in that district which it has under option. Capital stock is P200,000.00, paid up, with par value of P0.10 per share.

Other officers are: F. Umbreit, vice-president; C. S. Banks, secretary; L. M. Duncan, and I. R. Hobbs, directors.

N. E. MULLEN SELLS A PORTABLE DREDGER: Werf Conrad, Dutch manufacturer of gold dredges, has designed a portable dredge for the Philippines. It has a washing capacity of from two to six cubic yards per hour. N. E. Mullen's machin-

ery department handles the complete Conrad line.

MINE FACTORS: A new conveyor system and dock is occupying the energies of this company for its manganese properties on (Please turn to page 40)



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PHILIPPINE ENGINEERING CORPORATION

MANILA

CEBU — BACOLOD — ILOILO — COTABATO

Consolidated . . .

(Continued from page 26)

Subsequent to Mr. Scarfe's report, our No. 3 Vein, which at that time had just been cut on the 150 Level, has been drifted on both north and south sufficiently to demonstrate both in width and values considerable improvement over the 100 Level. Ore deliveries from our No. 3 Shaft to the mill have been averaging well over one ounce (\$35.00) per ton in gold content. Concentrates being produced are running approximately five ounces of gold, six ounces of silver, and 20% copper per ton, with the net value of the copper being more than sufficient to pay all smelting, transportation and marketing charges.

Respectfully,
(Sgd.) COURTNEY WHITNEY
Chairman, Board of Directors

*—Includes value of 1,400 tons now being loaded for shipment.

BENGUET CONSOLIDATED MINING CO.
P. O. Box 817
Manila

February 2, 1938

To the President and Board of Directors
Consolidated Mines, Inc.
P. O. Box 1147
Manila

Dear Sirs:

Following is a summarized statement of the results obtained in our operation of your Masinloc chrome property during the past year.

Tons of float ore mined . . . 21,275
Tons of ore from open cut . . . 32,302

Total ore mined . . . 53,577

Disposition of this ore was as follows:

LUMP ORE

	Tons
Sold to General Refractories Co.	2,000
Sold to Harbison Walker	7,920
Sold to Mitsubishi Kaisha	3,300
Sold to U. S. Vanadium Co.	1,500
Sold to W. R. Grace Co.	500
Ore in stock piles at 12/31/37:	
Wharf bins	6,674
Lower bodega storage	2,887
Mine	750
Mill bin	110
Overage shipped to compensate for moisture content	808
	Tons
	26,449

SIZED ORE

Sold to General Refractories Co.	13,300
In stock piles at 12/31/37:	
Wharf bins	2,768
Mill bin	139
	16,207
Fines storage at mill	10,921
	53,577

CONSTRUCTION

Although ore shipments started in April 1937, the construction period extended throughout the year. At the end of the year there remained only the construction of additional ore storage facilities at the wharf to complete the program laid out for production of lump and sized ore. The following are the major construction projects completed during the year.

1. Completion of 29.5 kilometers of metalled road with traffic control system. This road was completed by June but damage to the road during the rainy season immediately following, due to slides in the mountain section and settling in the swampy lowland section, was so severe that practically the entire road was retmetalled. It is now provided with a crushed rock surface at least 30 inches in depth throughout its entire length and we believe will support any amount of traffic.

2. Truck repair shop.

3. Power Plant. A Diesel engine power unit directly connected to a 75 K V A generator was installed to furnish power for the crushing plant.

4. Crushing and Screening Plant. Requirements of the General Refractories Co. necessitated installation of a mill designed to produce a minus three mesh and plus ten mesh product. Unfortunately,

(Please turn to page 39)

GOLD PRODUCTION OF 1937:

	Production	Production	Stock	Stock	Dividends	
	1938	1937	Quotation	Quotation	1936	1937
	Total Value	Total Value	Dec. 31, 1936	Dec. 31, 1937		
Ambassador		P 68,095.62		P .002		
Antamok	P 5,033,479.54	5,234,398.96	P 1.75	.49	P 0.25	P 0.10
Baguio Gold	1,077,106.50	1,267,775.24	.27	.14½	0.01	0.015
Balatoc Mining	12,760,521.24	13,040,055.94			1.40	cash 1.35 stock 50%
Benguet Consolidated	9,013,309.98	9,887,198.06	14.25	8.80	1.25	1.00
Benguet Exploration	274,913.90	268,268.78		.06	.01	
Big Wedge	594,450.22	1,361,164.79	.37½	.09½		
Cal Horr (Incl. Ukab)	1,173,735.86	1,268,498.22				
Coco Grove	723,573.44			.36		
Demonstration	1,473,999.22	1,654,609.30	.81	33½	0.04	0.04
East Mindanao	225,648.56	653,343.15	.31	.10		
Gold Creek	226,860.80	262,947.20	.25	.07	0.0075	
Ipo Gold	641,214.85	622,400.34		.09½	0.015	cash 0.015 stock 3%
Itogon	2,821,717.69	3,370,689.96	1.65	.34	0.03	0.015
IXL Mining	1,279,688.06	2,216,379.89	1.70	.57	0.02	cash 0.0425 stock 50%
Mindanao Mother Lode		674,327.84				
IXL Argos	211,315.13	178,129.41				
Masbate Consolidated	2,022,304.63	2,975,097.51	.57	.10		
North Mindanao		124,371.31				
Northern Mining	67,570.70	17,880.29		.045		
Royal Paracale		148,403.84				
Salacot Mining	413,053.20	281,253.96		.013		
San Mauricio	1,720,127.11	2,001,401.58	3.15	.41	.04	
Suyoc Consolidated	1,160,022.55	1,434,024.78	.52	.14		.01
Tambis Gold	106,368.50	179,897.80				
Twin Rivers		130,962.67		.20	.08	
United Paracale	1,880,611.83	1,914,126.33	1.50	.41	0.025	
Total	P44,402,653.51	P51,273,086.50*				

* Including Lone Star Mining P24,958.28.

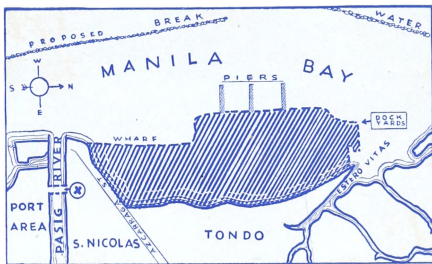
* Figures furnished by Chamber of Mines.

REAL ESTATE, BUILDING AND COMMERCIAL REVIEWS



AMERICAN CHAMBER

OF COMMERCE JOURNAL



FOR LARGER INTERISLANDERS

Important in the Commonwealth's four-year public works plans is construction of a harbor north of the mouth of the Pasig according to the cut foreigntide zone, and for manufacturing for export.—A silting problem is involved, it is not known at what depth the channel may be maintained, but it is hoped that one deep enough for ocean freight ships may be feasible.—If the problem is solved satisfactorily enough to accommodate them, a leading interisland shipping man predicts that new and modern interislanders 350 feet long will soon be in operation. Necessity to dock in the river limits the size of interislanders now, while passenger and freight demands call for larger and faster ships.

SHIPPING

Canadian Pacific

	<i>Gross Tonnage</i>	<i>Displace- ment Tonnage</i>
EMPRESS OF JAPAN	26,000	39,000
EMPRESS OF CANADA	21,500	32,250
EMPRESS OF RUSSIA	16,800	25,200
EMPRESS OF ASIA	16,900	25,350

Maintaining a fortnightly service from the Philippines to the Pacific Coast.
 When necessary, connection can be made at Honolulu direct to San Francisco or Los Angeles.
 At Victoria connection can be made for Seattle and points in the U. S. A.
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*Ask us about the new low first class, intermediate class
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- *The Solution of this Problem Will Not Only Benefit the Country But Enrich the Benefactors*

The Problem: Erection, at a cost ranging from P500 to P1,000, of cool, sanitary houses providing healthful living conditions for from four to eight persons; houses to be sold on monthly payment basis over a period of not less than 10 years, with interest on unamortized balance not to exceed 6% per annum. (Cost of land is not included in the above figures, but should not exceed 1/3 of cost of house.)

It is generally recognized that the poor of this country are wretchedly housed. This is not to single out the Philippines as being unique in this respect; on the contrary, it is pretty generally the lot of poor people in any country to put up with living conditions well nigh insufferable.

The problem of providing better living conditions here has from time to time had the attention of governmental authorities and of private business; but despite all the thought that has been lavished on it, the problem remains unsolved to this day.

It also remains perhaps the most important problem of the country.

We can not believe that the problem is incapable of solution. It has been solved in other countries with notable success, and with profit to the solvers as well; people with no greater incomes than the poor of this country have been provided with living quarters within their means and with every reasonable provision for sanitation, comfort, and privacy.

That it can be solved here, we have no doubt. Our only doubt is that it will be solved by private capital; lenders have long been accustomed to interest rates here ranging from 8 to 12 per cent, which is too stiff an interest rate for poor-housing, if not indeed for almost any other kind of housing.

That it can, if necessary, be solved by intervention of the government, remains not only a possibility but, in our opinion, a strong probability.

The problem, as stated in this article, arises from the present conditions among the poor; and each phase of the solution is essentially the exact opposite of the existing conditions. Thus, a fire-proof house is the exact opposite of the nipa or mixed-materials of the present; so is a sanitary house, the word sanitary used in the broad sense to include not only provisions for personal hygiene, but proper sleeping accommodations to minimize contagion from infectious diseases; and a weather-proof house is surely the exact opposite of what the poor now have to shiver in in wet misery when the heavy rains fall or the typhoons blow or the floods rise as they always do.

One obstacle, so far as urban areas are concerned at least, has always been high land values. By the time a poor man has paid for a plot of ground large enough to build a house on, his income will not permit him to build a decent house, and consequently he must content himself with bare shelter.

This also leads to "doubling-up" among families, with two or more families living in the same quarters, under conditions made to order for the spreading of disease, from common colds to tuberculosis and other serious ailments.



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So we suggest the solution that has worked out so well elsewhere—apartment houses for the poor. We don't mean the accessorias and entresuelos of the present, which seldom rise above two stories and are almost always fire traps providing scarcely better living conditions than those of the nipa house.

We mean real apartment houses, rising to a height of four or five stories from the street. With apartments of various sizes, renting at a cost, say, of P4 per room.

Can it be done? It has been done. The Portuguese have done it at Macao, the English have done it in Hongkong, it can be done in the Philippines.

First essential is financing. Ideal solution of this would be for private capital to dig in and undertake the enterprise; failing this, the government, through its National Development Company, or through some other agency especially created for the purpose, might do it; or the government might encourage private capital to enter the game by providing part of the necessary money. We make no attempt to advocate a course; we only know that somehow if the desire is sufficiently strong, a suitable financing method will be developed.

Second essential is intelligent planning. This involves not only a thorough knowledge of local conditions, including native customs and culture, but also a knowledge of the methods applied in other Asiatic centers. Architects working on this problem should have the opportunity to study at first hand in Hongkong, in Macao, and other places where the problem has been so brilliantly solved.

Third essential is cheap but good building materials. Although in the Chinese cities mentioned, concrete and

brick are the predominant materials, it is possible (we do not know) that in the Philippines such materials would prove too costly for the purpose in mind. But this need not stop us; the country is abundantly supplied with adobe stone, and with clay from which at least one new factory will shortly be turning out fine building materials at very low cost. We have a theory that the generally despised adobe, with a steel frame work, and if necessary with an outer coating of water-proof cement, would do wonders.

Final touch would be to devote the flat roof expanse to a play space for the children, keeping them off the streets for safer and healthier recreation.

The foregoing applies to urban areas, where high land values make it impractical to indulge in the luxury of single-family dwellings. In the smaller towns and villages, where land is exceedingly cheap, no reason exists why standardized houses could not be erected to provide not only decent but eminently desirable living conditions for every low-income family with ambition enough to want them.

Why we of this age do not utilize the native materials more than we do, is an unaccountable mystery. The Spaniards found the adobe good enough to build their churches, and the wall around Intramuros in Manila, and other structures which endure gloriously to this day. They also found the local clay to be excellent for tiles, and roofed with these tiles before galvanized iron was heard of. The harder of the local woods they found any-proof and rot-proof, and they used these for framing, for balustrades, and elsewhere where permanence was essential. The wood is so good that we would like

(Please turn to page 48)

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LUMBER REVIEW

By FLORENCIO TAMESIS
Director, Bureau of Forestry



Lumber and timber exports in November, 1937, showed a wider range of distribution than in previous months but they registered a decrease of 20.4% from those of the preceding month, chiefly on account of the limitation made in Japan to the importation of our timber.

Compared with the corresponding month of 1936, however, the total lumber and timber exports during the month under review showed an increase of 26.6%. Shipments to Japan, consisting entirely of round logs, amounted to 6,223,048 board feet as compared with 11,541,280 board feet in the preceding month, or a decrease of 46.1%. This is considered only temporary. It is expected that as soon as the present Sino-Japanese conflict will be over, the exportation of logs to Japan will resume its unusual activity as it is reported that the plywood industry into which most of the Philippine timber imports is manufactured in Japan has increased 600% during the last six years and the same would continue to increase in view of the fact that researches connected thereto are being backed up by the Government.

The Chinese market which was completely paralyzed during the previous month showed a revival during the month under review. Shipments to this market amounted to 439,688 board feet consisting entirely of round logs. It is expected that the Philippine lumber and timber imports in this market would soon pick up as it is reported that the situation in Shanghai is becoming peaceful and that many of the factories are resuming operation.

Lumber and timber exports to the United States in November amounted to 3,180,000 board feet, of which 319,272 board feet consisted of round logs, as compared with 2,591,912 board feet of the previous month, or an increase of 22.7%.

Shipments to Australia amounted to 650,184 board feet as compared with 108,544 board feet in the previous month, or an increase of 775.4%. It is possible that consumption of the Philippine logs in this market would increase sooner or later as it is reported that the sawmilling industry in Australia is now being developed.

Despite the unsettled condition in Europe and the lack of sufficient bottoms, lumber and timber exports to Great Britain in November amounted to 775,496 board feet as compared with 25,016 board feet in October, or an increase of 3,000%. On the other hand, shipments to British Africa registered a decrease of 74.2%.

The demands in the local market continued to be active during the month on account of the building construction that went on despite the unfavorable weather conditions. However, prices were slightly lower than in the first half of the year as a result of overstocking the local market. Mill deliveries exceeded the mill production by 0.2%.

The following statement shows the lumber and timber exports, by countries, and the mill production and lumber inventories for the month of November, 1937, as compared with the corresponding month of the previous year.

STATEMENT SHOWING TIMBER AND LUMBER EXPORTS DURING THE MONTH OF NOVEMBER, 1937

Destination		1937		1936	
		Quantity in Board Feet	Customs-Declared Value	Quantity in Board Feet	Customs-Declared Value
Japan	Unsawn Timber	6,223,048	111,152	6,121,712	133,641
	Sawn Lumber	—	—	—	2,755
United States	Unsawn Timber	319,272	17,542	23,320	2,755
	Sawn Lumber	2,860,728	194,862	2,461,320	174,489
China	Unsawn Timber	439,688	9,169	—	—
	Sawn Lumber	—	—	68,264	3,771
Australia	Unsawn Timber	342,168	13,539	—	—
	Sawn Lumber	608,016	35,806	129,320	10,847
Great Britain	Unsawn Timber	—	—	—	—
	Sawn Lumber	775,496	58,233	237,916	22,206
Ireland	Unsawn Timber	—	—	—	—
	Sawn Lumber	43,672	3,706	15,264	1,633
British Africa	Unsawn Timber	—	—	—	—
	Sawn Lumber	202,248	13,111	335,808	23,429
Portuguese Africa	Unsawn Timber	—	—	—	—
	Sawn Lumber	25,016	2,867	54,696	3,950
Canada	Unsawn Timber	—	—	—	—
	Sawn Lumber	55,968	3,543	31,800	1,875
Finland	Unsawn Timber	—	—	—	—
	Sawn Lumber	14,416	1,596	—	—
Netherlands	Unsawn Timber	—	—	—	—
	Sawn Lumber	12,296	610	—	—
Norway	Unsawn Timber	—	—	—	—
	Sawn Lumber	16,960	1,326	9,752	1,098
Denmark	Unsawn Timber	—	—	—	—
	Sawn Lumber	27,984	3,414	—	—
Hawaii	Unsawn Timber	—	—	—	—
	Sawn Lumber	5,936	542	—	—
Sweden	Unsawn Timber	—	—	—	—
	Sawn Lumber	17,808	1,440	5,088	410
Br. New Guinea	Unsawn Timber	—	—	—	—
	Sawn Lumber	47,064	2,912	—	—
Germany	Unsawn Timber	—	—	—	—
	Sawn Lumber	—	—	15,688	780
Turkey in Europe	Unsawn Timber	—	—	—	—
	Sawn Lumber	—	—	2,120	295
Total	Unsawn Timber	7,324,176	151,402	6,145,032	136,396
	Sawn Lumber	4,713,608	323,808	3,366,136	244,783
GRAND TOTAL		12,037,784	475,210	9,511,168	381,179

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THE RICE INDUSTRY

By

DR. V. BUENACAMINO

Manager, National Rice & Corn Corporation



The only event of importance that transpired during the period covered by this report was the announcement made on January 3, 1938, by the National Rice & Corn Corporation about the price which is to govern its 1938 purchasing operations.

It is to be recalled that in the preceding month there was considerable activity from certain interests representing the producers to have the Corporation fix a much higher price than P2.50 for 1938. After carefully deliberating on this subject the Corporation decided to adopt the same policy it followed in the preceding year—to fix the same price of P2.50 and to refrain from taking any hand in the

normal course of the market until the price reaches a level considered excessive and detrimental to public welfare. In effect, the price of P2.50 is merely to insure to the producer that he could obtain at least that much. If the trade desires to pay higher, the Corporation will not intervene until a point is reached where it becomes necessary for it to do so in the interest of the consumers. The price of palay may, therefore, go to P2.50, P3.00, or even higher.

The announcement, however, was capitalized by millers and speculators to depress the market. They were partly successful in the attempt when the price of rice both in Manila and in the primary sources registered minor recessions. This situation, however, was only temporary. After a week or so, the law of supply and demand asserted itself and prices began to move upward. At the close of the month all losses registered during the early period were fully recovered with indications of further hardening of values.

The quality of the new crop leaves much to be desired. The bulk of the new rice being traded in the market contains a good portion of chalky, partially developed, and otherwise defective grains. Except Elonlon and Ramay, it is difficult to obtain first quality rice of the new crop from the market. Milling reports give a recovery of less than 60 cavanas of rice for every 100 cavanas of palay. Arrivals were compara-

tively heavy mainly because of shipments made by the NARIC which, however, were not intended for immediate sale. A total of 208,857 cavanas were received in Manila by rail during the month of which 24,651 belongs to the National Rice & Corn Corporation now being held in storage as a stabilizing factor in the trade.

Prices moved as follows:

	Opening	High	Low	Closing
Macan No. 2 (Old crop)	P6.10		P6.00	P6.15
Macan No. 2	5.65		5.60	5.85

PALAY

The announcement of the NARIC's buying price of P2.50 was a disappointment to palay producers some of whom misconstrued it to mean that it was a price for everybody to follow. When the confusion however, cleared away, confidence was fully restored and the market made a steady advance, with the month closing in a strong position. The belief among traders and other well-informed quarters is persistent that the crop is a big failure and that it is not for the substantial carry-over from the 1937 harvest, prices would have already reached higher ground. Opening, high, low, and closing quotations in Cabanatuan are given below:

	Opening	High	Low	Closing
Macan No. 2 (New crop)	P2.65		P2.55	P2.75

FOREIGN MARKETS

Advices from foreign markets indicate exportable quantities in Burma and Indo-China, smaller than those in the preceding year. Siam, however, reported some gains, present estimate placing at 1,600,000 tons the exportable surplus for 1938. Current prices range from about P3.90 to P4.10 per cavan c.i.f., Manila. Including duty it would amount to about P6.85, c.i.f.

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REAL ESTATE

By P. D. CARMAN
Boulevard Heights



The January total is the lowest for that month since 1932 and less than any month during the past two years. After a record-breaking year in 1937 even a temporary slump was unexpected although possibly explained by the natural tendency to defer transactions until uncertainty regarding the future political and economic status of the Islands be removed.

	Sales City of Manila	
	December 1937	January 1938
Sta. Cruz	P 610,588	P 101,278
Sampaloc	99,824	155,356
Tondo	650,477	83,095
Binondo	88,764	—
San Nicolas	71,200	62,200
Ermita	97,439	18,318
Malate	772,297	144,255
Paco	106,332	163,611
Sta. Ana	16,337	24,372
Quiapo	57,700	22,816
San Miguel	128,000	25,200
Intramuros	—	22,000
Sta. Mesa	27,500	44,692
	P2,726,718	P733,062

FOREIGN EXCHANGE

By LEON ANCHETA

Manager, Foreign Dept., Phil. Nat. Bank



Without receding at any time from its firm position of the previous month, the dollar moved steadily upward during the month. With strong demand for T.T. New York at par at the beginning of the month, the rate hardened to 200.25 at the close of the first week.

It remained at this level up to the end of the third week when it went up again to 200.50 at which it closed with a strong undertone. Buying for 60 days bills on New York also moved up to 199 compared with 198.75 of the previous month.

The position of the dollar during January is ordinarily easy or down due to seasonal heavy movements of exports. At the same period last year T.T. New York was selling at 198.75 and buying rates for 60 days bills at 197.50. Comparatively, the dollar's appreciation in exchange value during the current month represented about 10 1/2% per annum on banks' T.T. selling rates on New York and 3% per annum on banks' buying rates for 60 days dollar bills.

There is no trade factor that influences the movement of the dollar more than the Islands' exportation of sugar. Shipments covering the 1937-38 sugar quota up to January 15, 1938, slightly exceeded those corresponding to the same period last year. However, the shrinkage in value suffered by it due principally to the processing tax and increased freight rates and the curtailment of demand for copra, hemp and other export products reduced considerably the supply of dollar exchange. On the other hand, merchandise imports substantially increased during last quarter of 1937, the liquidations of which undoubtedly accounted for the sustained heavy demand for dollar exchange during past two months.

Increased circulation which created more purchasing power and therefore greater demand for goods and provided local banks with a record supply of funds also constituted a decisive factor in the rise of the dollar.

In the foreign exchange market, the new year started with a declining dollar in relation with the sterling. Business recession, further rumors of devaluation and anxiety over the President's message to Congress caused this exchange to ease sharply from \$4.99 25/32 at the close of December to \$5.01 1/16 at the beginning of January. The dollar's initial weakness was halted temporarily, sterling moving back to \$4.99 23/32 several days later and reaching a low of \$4.99 1/2 toward the

middle of the month. The dollar's momentary recovery was due to a break in the French Franc. Toward the close, however, induced by the depressed condition of the New York market European holders of dollar funds sold and sterling again moved up sharply, closing at \$5.01 9/16.

Last year at the same period, sterling was quoting at an average of \$4.906.

The crisis in the French Franc again re-appeared, was the outstanding development in the foreign exchange situation. This exchange which ruled steady during the previous month opened at \$3.40 1/4 and broke down to \$3.21 1/2. America and particularly England assisted the French Control to help avert a collapse that might threaten to upset the tripartite monetary accord. The difficulties had not been completely overcome up to the close, as pressure continued under nervous selling.

Last year at the same period French Franc was quoted at an average of 4.6628.

The Yen slightly weakened during the month in the New York market reaching a low of \$29.04 and a high of \$29.13 compared with \$29.08 and \$29.14 respectively of the previous month. In Japan, it also ruled easier, generally quoting at \$29 compared with \$29 1/16 of the previous month. Japan appeared to be a keen bidder for foreign exchange during the month.

Hongkong rates were up in sympathy with the strength of the sterling, reaching a high of \$31.375 and a low of \$31.30 compared with \$31.3125 and \$31.27 respectively, of the previous month.

Shanghai was also slightly up, ruling between \$29.17/32 and \$29.21/32 compared with \$29 1/2 and \$29.9/16 of the previous month.

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FOREIGN EXCHANGE REVIEW

	U. S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong		
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	
January, 1937	199.50	199.25	2 0	3/8	2 0	7 16	9.45	58.50	58.60	59.75	59.60	63.15	63.05
January, 1938	200.75	200.25	1/11-11/16	1-11-13	16	7 00	6.75	57.80	57.00	60.40	59.50	61.80	61.89

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COPRA AND ITS PRODUCTS

By KENNETH B. DAY
AND LEO SCHNURMACHER



KENNETH B. DAY



LEO SCHNURMACHER

The year 1938 opened with markets in fairly good shape and with the anticipation of somewhat better prices. The month was not very old, however, before political uncertainties the world over crept into the picture and these, combined with a slowing up of industry with its economic recession made for constantly decreasing prices during the second half of January.

COPRA—December arrivals of copra were very small because it was the general feeling that prices would be better in January and consequently large stocks of copra were accumulated in the provinces. When it became evident about the 13th of the month that the tide was likely to turn downward rather than upward, dealers be-

gan to unload their stored stocks with the result that copra poured into Manila in quantities constituting an all-time record for this month. The same thing happened in Cebu. In Manila January arrivals were 71% above the last twelve years average, nearly 48% above December, 1937 and 73½% above receipts for January, 1937. In Cebu, January receipts were 86.8% above the average for the preceding nine years, 5% above those of December, 1937, and 81% above those for January, 1937. It must be remembered, however, that January, 1937, was a pretty small month and that these figures do not represent increased production but rather liquidation of stocks.

The month opened with buyers in Manila offering \$8.25 for reseeded with sellers holding for \$8.50 and not much selling interest at that. The market eased off in the first week and some business was done at \$8. Thereafter, in view of a little spot demand for oil in the States, the market advanced to a point where on January 13th and the next few days following a very large volume of copra was sold at \$8.50. On the 20th the market lost its firmness and thereafter gradually lost ground until toward the end of the month nobody would pay over \$7.50 for copra. On the last day of the month the market stood with buyers at \$7.50 but with a slightly better tone to the market which induced sellers, who by this time had liquidated as much of their stocks as they felt necessary to hold back for \$7.75 with the hope that the market might react even above that figure.

Export markets were erratic. On the Coast copra advanced from 2.30¢ to 2.40¢ but then commenced to decline and by the end of the month there were no buyers at over 2.15¢. Comparatively little business was done to the Coast because the European market for January shipment was far preferable. The European market carried with it a 62/6d freight rate for January only. It was thought that this rate would be continued to February, but contrary to expectation it was not, and on February 1st the 75/- freight rate came into effect, thus putting Europe entirely out of the picture for the time being. During the month of January, however, considerable copra was sold for January shipment at prices ranging from a low of \$11/12/6 to a high of \$12/17/6. Most of this trade was for the lower grades to Marseilles. Unfortunately,

space for Marseilles was inadequate and some shipments scheduled for January were held over into February because of the lateness of steamers due to congestion in North China ports. Taking it as a whole, however, the local mills paid the best average prices for copra during January with the expectation that arrivals should drop radically within the next month or so and that copra bought in January would prove a good investment in the Spring.

Copra shipments for the month totalled something over 16,000 tons, of which a little bit taller than half went forward to Europe.

"On the whole the copra market for January was very disappointing, particularly to dealers who had been figuring that with the new year copra prices would steady up after the long decline of 1937.

Statistics for the month follow:

Arrivals:	Sacks
Manila	422,448
Cebu	422,386

Shipments:	Metric Tons
Pacific Coast	8,062
Europe	8,267
China and Japan	22
Other Countries	286

16,637

Stocks on hand—	Beginning of Month Metric Tons	End of Month Metric Tons
Manila	21,918	31,468
Cebu	21,775	40,236

COCONUT OIL—The coconut oil market opened with buyers not particularly interested in New York at 3¼ cents and with very little spot business being done on the Coast at 3½ cents. If anything, the market declined in the first week, but thereafter was stimulated by a temporary optimistic situation to a point where oil was sold in New York as high as 4 cents and on the Pacific Coast at 3¾ cents. Most of this oil was for late spring shipment and was sold to large soapers who were well covered for immediate requirements but were willing to pay slightly better prices for delivery later in the year. By the 20th of the month the edge was off the market, however and prices declined to a point where buyers dropped out entirely shortly before the end of the month. At the end of the month it was possible to

do a small amount of business for forward shipment at 3½ cents c.i.f. New York and 3½ cents f.o.b. Pacific Coast. In selling coconut oil local mills experienced severe competition from low-priced cottonseed and peanut oil, both of which were available in large quantities.

Statistics for the month follow:

Shipment—	Metric Tons
Pacific Coast	509
Atlantic Coast	9,024
Gulf Ports	1,628
China and Japan	7
Other Countries	11

11,170

Beginning of Month Metric Tons	End of Month Metric Tons
--------------------------------	--------------------------

Stocks on hand in Manila and Cebu 7,185 8,845
(Please turn to page 44)

Consolidated...

(Continued from page 32)

no operating data regarding chromite was available so we were forced to proceed on an experimental basis until such operating data could be obtained. We are glad to say that by the end of the year all revision of mill design found to be necessary in practice had been installed and that we are now in a position to produce about 200 tons per day of a clean, accurately sized product.

6. General Office and Housing Facilities. 6. Wharf Bin Construction. Reinforced concrete bins with a total capacity of about 10,000 tons and provided with underground loading gates at the wharf level have been erected. An apron around this bin is now being constructed which will increase the storage capacity to 25,000 tons.

7. Concrete Wharf. A reinforced concrete wharf has been constructed which can accommodate all vessels which ordinarily enter Philippine waters in 35 feet of water at low tide. We have successfully maintained an ore loading rate of 1,000 tons per day over this installation.

MINE

The mine has been opened up by a series of inclined benches permitting truck transportation throughout. Excavation is done by bull-dozers with hand sorting of lump ore. It is our intention to mechanize the entire mining operation as much as possible.

Mining costs have been high due to the necessity of training men in this new method of mining and due to the forest cleaning incidental to opening the mine.

MILL

The year's operations were largely of an experimental nature. We have proved to our entire satisfaction that Masinloc ore can be crushed and sized to an ideal product at an operating cost of about P0.50 a ton.

COSTS

Based on the operations so far which, as explained above, include a great deal of pioneering and preliminary work, the average operating costs to date have been as follows:

Mining	P0.60
Crushing and sizing	0.50
Transportation	2.00
Loading	0.25
Road maintenance	1.00

P4.35

OUTLOOK

We feel that the year's operations have been entirely satisfactory, taking into account the time element involved in starting a project of this size, practically so many entirely new elements. Capital investment has been heavy but necessarily so in order to properly establish a project with the long life of operation which Masinloc promises.

Once production was started all delivery commitments have been promptly met. At the present writing, our customers are, in fact, overstocked and, in one case, have suspended their contract. We believe, however, that the uniform quality of Masinloc ore will be gradually established in the market and that eventually it will become a standard product for manufacturers of refractories. Sales have actually been made in Japan, the United States and Canada and samples have been submitted to users, at their request, in many other countries.

At the same time, research along lines seeking for chemical uses has been going on continuously and we hope eventually to find a substantial outlet for Masinloc ore in this field.

Yours very truly,
BENGUET CONSOLIDATED MINING COMPANY
(Sgd.) JOHN W. HAUSERMANN
President

What the Diggers...

(Continued from page 30)

Grove, more than P800,000.00 in new buildings, equipment and new claims spent on the Paracale smelter and on development work at Suyo are among the important expenses for expansion the Marsman high command has considered advisable. Marsman mines will almost certainly increase their production substantially during the coming year.

Among now-producing mines which plan to increase production are Mine Factors (operating the manganese and copper property at Siquijor), North Mindanao, and others, as well as those mentioned in the preceding paragraph. Batong Bukay, Treasure Island, Cagsay, (developed by Mine Operations), Santa Rosa (under contract with Union Management Company), Nalesbitan Venture, Corona Manganese Mines (operated by Federated Minerals, Inc.), Masbate Goldfields and Tinago (Consolidated are, according to the latest reports, certain producers in 1938. Probably there are others.

Yes, 1938 should see a considerable increase in the production of Philippine mines.

In glancing back over the year's statistics, we were struck with a number of interesting facts, which we pass on to our readers for what they are worth.

Out of a total of 23 producers, 13 turned in more than a million pesos worth of ore. These 13 leaders, however, constituting less than 50% of the total number of producing mines, accounted for about 75% of the total ore production during the year. Seven of the 13 produced more than two million pesos worth of ore apiece during the year. They were, Antamok, with over 5 million, Balatoc, with better than 1½ million, Benguet, with almost 10 million, Hogen, with less than 3 and ½ million, I X L, with considerably better than 2 million, Masbate, with almost 3 million and San Mauricio with barely over 2 million. Although Ba-

latoc was almost 4 million pesos ahead of its nearest rival, Benguet, it is apparently not in the richest ore. Average value per ton of ore milled at Balatoc was P29.32, which was exceeded by Benguet Consolidated, Big Wedge and San Mauricio.

The mine with the lowest average value of its ore is Masbate Consolidated. It is way down, averaging only P4.87 to the ton. The only mine close to this is Salacot, which could find ore worth only P5.63 to the ton before it closed up. Yet, Masbate Consolidated stays in the picture in a very important way with its tremendous mill—2,000 tons daily capacity. Even with its low grade, it turned out almost 3 million pesos worth of ore in 1937.

Antamok has as good a record as any of them, judging from the figures. It is in ore of more than P10.00 lower grade than Benguet Consolidated, and has a mill



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of 800,000 tons, compared with Benguet's 1,000 tons, where it also takes care of the tonnage from Gold Creek, yet, with P5,234,398.96, it came within about 4 million pesos of this big producer.

Of the producing mines, 10 paid dividends during the year, amounting in the aggregate to P19,535,339.00. This was about the same as the total amount all mining companies, both producers and non-producers paid out in salaries and wages during the period, and is, therefore, an excellent record.

Masinloc (Consolidated Mines)—Courtney Whitney, chairman of the board of directors of Consolidated, states that over P1,000,000 worth of chrome ore has already been shipped to American and foreign markets from the Masinloc property, and that in January of this year, over P210,000 worth was shipped direct to smelters in the U. S. The January shipments ran the usual average of about 34%, and according to Mr. Whitney is all destined for smelters, where it will be made into ferro-chrome for steel alloy. From the same source we learn that tests made at Niagara Falls of Masinloc ore proved that it was suitable for metallurgical use, and that present shipments are mostly destined for this purpose, with a possibility of larger shipments hinging upon acceleration of the whole steel industry in the States. The impression that Masinloc's ore was suitable only for refractory purposes and not for metallurgical has, Mr. Whitney states, been conclusively refuted by the fact that Consolidated is now making large shipments for smelter use.

Pan Philippines Corporation has 180 men working on its Treasure Island project (Lahuy Island, off the Caramoan coast of Camarines Sur), it was learned at press time from the chief engineer, Orlando McCraney, who had just spent two weeks visiting the property. Tunnel work progresses at the rate of about 750 feet a month, under supervision of Edw. A. Hammermeister, superintendent. There is radio-telephone communication with the Manila office, with daily reports, and a landing field for which swamp has to be cleared is half completed.

Additional machinery has just been shipped to the property.

Mr. McCraney reports A vein actually developed for 400 feet with highgrade values in a width of 4½ feet. A distance of 200 feet more on this vein is indicated by old workings extending from the surface to the horizon of the present development work. No old workings below water level have been found at the property. B vein was discovered in crosscutting to contact C vein 160 feet north of A vein and roughly paralleling it. B vein is a well mineralized strong shear zone eighty feet in width, Mr. McCraney says, of which 9½ feet averages \$26.90 a ton; over the width of 61 feet the average is \$7.80 a ton. Lateral development on B vein by drifting is being carried on rapidly in both directions. The shaft on A vein is down 140 feet, with 30 feet more to go in order to connect with No. 1 station on the adit level that was excavated and completed in advance of the shaft's coming through to this point. West of the

switch a winch has been started, and has, Mr. McCraney reports, developed a width just under 2 feet wide of very high-grade ore.

Culled from . . .

(Continued from page 31)

the small island of Siquijor. The system, which has been designed by Mr. L. J. Harvey, president of Mine Factors, will be built by administration, and is expected to increase the company's production of manganese to 20,000 tons a month, according to Mr. H. W. Lombard, of Mine Factors.

We saw a sketch of the conveyor-dock design, and were impressed with its simplicity. From a huge central "storage bin" conveyor buckets will carry the ore directly to steamers anchored at the pier. Funds for the project are forthcoming from stockholders under the right recently granted them to purchase one share at par for each five shares now held. This is expected to bring the paid-up capital of Mine Factors to P500,000.00.

About 6,000 tons of manganese a month is now being shipped from Siquijor. All of the company's output is contracted for by two local buyers for foreign sources, under arrangements which call for 80% payment at shipside, and the remaining 20% on arrival of the ore at the port of destination. The buyers pay an average of P19.00 to P22.00 per ton. Mr. E. S. Mackay, formerly employed by Consolidated Mines and Tumbaga, has recently been ap-

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MANILA DAILY BULLETIN

pointed mine superintendent at Siquior. He is a Colorado School of Mines man.

While Siquior manganese is the most important Mine Factors activity at present, other projects are at hand, about which announcements will be made at the proper time, Mr. Lombard told the JOURNAL.

Paracale National has Marsman contract: According to a bulletin recently issued by officials of the Paracale-National Gold Mining Company, Marsman and Company has undertaken the management of the 24 lode claims in Mambulo. Partial provisions of the contract give Marsman and Company \$1,000.00 monthly compensation, plus a bonus on the net profits made by the company when the property is brought into production.

An interesting thing about this mine is the fact that Mr. J. R. Reed, now the president of the Paracale National company, first commenced development work in 1909, and has performed development work at intervals since then. Other officers are C. Roeshelm, vice-president, B. S. Ohnick, director, Phil Crovat, director, and Manuel M. Cruz, director.

WENDT: Reports on the progress of work on the Maligaya and Malaguit prop-

erties managed by the H. A. Wendt & Co. show encouraging results. In fact, assays and ore showings at the Malaguit property, according to the engineer in charge, justify expenditures looking toward completing the work in progress to the point of constructing a mill and getting into production in a reasonably short time.

Meanwhile, Wendt & Co. has agreed to suspend its monthly charge for management until such time as the mine is definitely proven.

Amalgamated Minerals made a further shipment of copper ore last month amounting to 5,000 tons. A further shipment of manganese ore goes out on the s. s. *Tancred* for Europe. So far, this company has shipped more than 30,000 tons of various ores.

BUREAU OF MINES TO EXPAND: Encouraged by an appropriation for the year of \$260,000.00, which is more than double last year's appropriation, Director Quirico Abadilla has announced plans for the expansion of the activities of the Bureau of Mines during 1938.

Some 84 new positions will be filled, some of them with Americans. Americans now on the staff of the Bureau include

Russell Fleming, Benjamin W. Meek, and Jean Franche. Dr. H. Foster Bain, mining adviser to the Commonwealth Government is also available to the Bureau. Two more American experts will probably be brought over, including Mr. W. F. Boericke, a specialist in mine safety measures. His appointment is made necessary by the fact that the duty of supervising safety measures in the mines was recently transferred from the department of labor to the bureau of mines by President Quezon.

In addition to the present Baguio Mineral District, two new mineral districts will be organized, with mining regulators and trained personnel constantly available. The seats of these two districts will be at Paracale and Cebu.

Director Abadilla also plans to use some of his enlarged staff in inquiring into the mineral resources of some of the "wild-cat" companies, thus complementing the investigation into their financial status conducted by the Securities and Exchange Commission.

Director Abadilla deserves credit for the patience he has shown in developing a competent bureau from scratch in a very short (Please turn to page 44)

Surigao . . .

(Continued from page 25)

The quantity of ore in the deposit has been estimated from 50,000,000 to 500,000,000 tons.

One sound estimate seems to be 300,000,000 tons. Depletion of the deposit by 50,000,000 during twenty-five years would leave an abundance for future contingencies. By that time, possibly, the Commonwealth would have an iron market of its own—a steel industry of its own. Yet it would still wish to sell iron ore abroad.

The time to sell low grade ore is now. That is why we urge the arrangement on a basis independent of the Commonwealth—costing the Commonwealth no capital and no anxiety.

The ore is reported to average 45% ferrous oxide. For ore 15% higher, the current price is ₱4.50 a ton. Below this average the price drops 8 centavos a point. That is to say, ₱1.20 for 15 points. This makes this Surigao ore worth ₱3.30 a ton aboardship. Deducting 50 centavos as royalty leaves ₱2.80 a ton. We hear that the cost of mining is ₱2.50 a ton. You are now down to a margin of 30 centavos a ton. Income and other taxes are still to be paid. If mining costs are shaved materially, a tremendous investment in equipment must be laid out. And still more money remains in the Commonwealth, since the margin of 30 to 40 centavos a ton must be shared between the buyers and the private company that holds the lease.

It is evident that here is no bonanza, but only an arrangement to procure iron. As we believe, on the face of things the buyers interested to effect the arrangement are also interested in smelters, ships, and steel. They could afford operations at actual cost, or even somewhat below cost, and could find their profit further along in the industrial process. It seems to us that neither a private company nor the Development corporation, limited to the mining, sale and perhaps smelting of this low grade iron, could do this. The practical assumption is that higher grade ore is essential here, when mining is the whole operation.

It is 60% ore that is moving from the Commonwealth, of course to Japan.

Smelting by the Development corporation, at Surigao, seems out of the question. Smelters cost tremendously,

and a smelter for this ore at Surigao would net the Commonwealth no other iron customer. Her sole market, in probability, would still be Japan. Sum up as you will, business procedure would be to leave to a private company—the company to make its own arrangements about mining and marketing the ore.



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SHIPPING REVIEW

By H. M. CAVENDER
General Agent, The Robert Dollar Co.



The year 1937 has passed into history, the total exports from the Philippines amounted to 2,743,167 revenue tons and exceeded 1936 by approximately 50,000 tons. During December last the tonnage was 238,132 and exceeded November 181,861 tons.

The 1937/1938 sugar movement is under way and 70,297 tons were forwarded during December. The movement of coconut products was slightly less than for the preceding month. The desiccated coconut trade shipped 5,388 tons maintaining their trade at its usual level. Shipments of oil to the United States by berth line vessels were 22,242 tons, Europe took none, and China used 112 tons. The copra trade took a slump—the United States taking 20,271 tons only and Europe 5,610 tons. Business in copra cake-meal was also less than in November, the United States taking only 2,564 tons and Europe 10,800 tons. The copra shippers were still dependent on chartered tonnage.

Hemp shipments—91,273 bales—are decidedly below normal. The United States took 21,672 bales, Japan only 20,316 bales, Europe 42,533 bales and 6,852 bales were scattered to various other destinations.

To	Tons	With Merc. Sailings	Of Which Tons	Were carried in American bottoms since 1914
China and Japan	63,024	37	1,231	5
Pacific Coast local	22,185	12	7,721	4
Pacific Coast Overland	819	10	794	3
Pacific Coast Interoceanic	1,646	7	794	3
Atlantic and Gulf Coast	120,136	27	18,669	5
European Ports	27,179	19	113	2
All other Ports	3,143	20	209	4

A Grand Total of 238,132 tons with a total of 85 sailings (average 2,684 tons per vessel) of which 29,531 tons were carried in American bottoms with 9 sailing (average 3,281 tons per vessel).

The movement of lumber and logs picked up to the extent of a million feet. The United States, Japan and Europe increased their purchases while Australia and Africa took very little. The movement totalled 8,288,886 board feet.

The shipments of iron ore to Japan were 46,486 tons. This trade is still unable to get the necessary vessels to move their regular 60,000 tons. In addition to the iron ore Japan also took 709 tons of copper concentrates originating in the Mountain Province—the first shipment ever made of this commodity. The trade in chromite and manganese was decidedly good. The United States Atlantic trade amounted to 11,775 tons and January bookings indicate a further expansion. Europe now enters the picture with 2,110 tons shipped. Concentrates of gold contents amounting to 1,153

From statistics compiled by the Associated Steamship Lines during the month of December there were exported from the Philippine Islands the following:—

tons went forward to Tacoma for refining. The total shipments 62,233 indicate that our friends in the mining business are in good position.

Among the minor commodities we note gains in embroideries, glycerine, gums, junk metals, and molasses. The tobacco shipments went up to 1,133 tons but cigars were not as active as they have been. The furniture people shipped only 215 tons, the kapok trade dropped to 12 tons, and the cutch factory made only one shipment of 220 tons. The rope factories shipped 538 tons of which only 49 tons went to the United States. About 1,825 tons of Shanghai distressed cargo was forwarded.

The following figures show the number of passengers departing from the Philippines for China, Japan and the Pacific Coast for the month of December, 1937:—

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SS PRES. CLEVELAND	Mar. 22
SS PRES. WILSON	Apr. 5
SS PRES. TAFT	Apr. 19
SS PRES. COOLIDGE	May 1

TO EUROPE & NEW YORK

Via Straits, India & Egypt

SS PRES. ADAMS	Apr. 17
SS PRES. HARRISON	May 15
SS PRES. POLK	June 12
SS PRES. GARFIELD	July 10

and every 28 days thereafter

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SS PRES. GRANT	Apr. 18

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	Final	Inter- mediate	Thvd
Hongkong	59	50	98
Shanghai	—	—	—
Japan	10	4	36
Honolulu	—	2	40
Pacific Coast	19	15	11
Europe via America	4	—	—

Total for December, 1937	92	71	185
Total for November, 1937	102	178	150

Culled from...

(Continued from p. 41)

time and with limited funds. Every one of his policies, including the bringing-out of American mining experts on short-term contracts appears to be justified and productive of quick results. Most of these experts are trained in different fields, and train Filipinos in their specialties while here. Where they have not yet completed their work when their short-term (usually one year) contracts expire, the Director recommends their renewal for short additional periods. In this way, he is building up a real staff of experts.

The director is a man worth knowing.

Copra and...

(Continued from p. 39)

COPRA CAKE AND MEAL—The freight rate on copra cake to Europe advanced 3/3d on January 1st with another increase of 7/6d scheduled to take place the first of April. Under these conditions selling of copra cake was very largely confined to shipment the first quarter of the year and a fair amount of business was done at prices ranging from P41.00 to P43.00 f.o.b., or the equivalent of P32.50 c.i.f., Hamburg. Meanwhile a small demand for meal sprang up chiefly for January to March shipment at prices ranging up to P27.50 c.i.f. Pacific Coast. Toward the end of the month the demand for cake slackened off and the month closed with buyers' ideas around P38.50 f.o.b. with sellers having sold as much as they wanted and not particularly interested in doing additional business with the hope that the April advance might not go into effect.

TOBACCO REVIEW

By P. A. MEYER
January, 1938



RAWLEAF: Transplanting under favorable weather conditions continued during January in Isabela and some districts of Cagayan. There still remains in both provinces some tobacco unsold of the 1937 crop. Comparative figures of shipments abroad are as follows:

Rawleaf, Stripped
Tobacco and Stems
Value

Holland	18,762
Hongkong	900
Straits Settlements	1,298
United States	246,465

January, 1938	267,425
December, 1937	593,620
January, 1937	360,144

CIGARS: Shipments to the United States compare as follows:

	Figure
January, 1938	7,484,655
January, 1937	4,946,104
December, 1937	14,698,292

Statistics for the month follow:

Shipments—	Metric Tons	Ending of the Month
Pacific Coast	2,519	
Europe	4,233	
China and Japan	61	
	6,813	

Despatches, Manila

Line	VESSEL	Leave Manila	Leave Hongkong	Leave Batavia *Halifax
LT	VICTORIA	Feb. 21		
CR	*CAP TOURANE			*Feb. 22
HAL	DUISBURG	Feb. 25		
NYK	FUSHIMI MARU		Feb. 26	
MMIC	*PORTHOS			*Mar. 4
G&S	GLENAFFRIC	Mar. 1		
NDRM	JJ. V. OLDENBARNEVELT			Mar. 9
NDL	GHEISENAU	Mar. 1		
MM	ARAMES		Mar. 3	
LT	CONTE VERDE	Mar. 5		
P&O	COMORIN		Mar. 5	
SEA	*NAGARA	Mar. 9		Mar. 12
BF	HECTOR ("A")		Mar. 9	
NYK	HAKOZAKI MARU		Mar. 12	
KL	*DEMPO			Mar. 16
EALBS	*JUTLANDIA			
HEAL	*SEROOSKERK	Mar. 14		
BF	MENELAUS	Mar. 15		
WF	*TAI PING		Mar. 14	
BL	GLENSHIEL		Mar. 16	
CR	CAP ST. JACQUES			*Mar. 22
MM	MAR JOFFE		Mar. 17	
EALBS	*MEONIA			

Legend—

DSL	—Dollar Steamship Lines
P&O	—Peninsular & Oriental
BF	—Blue Funnel Line
NYK	—Nippon Yusen Kaisha
MM	—Messageries Maritimes
LT	—Lloyd Triestino
NDL	—Norddeutscher Lloyd
CR	—Compagnie Reunis
EALBS	—East Asiatic Line—Japan Service

Stocks on hand in Manila and Cebu

DESICCATED COCONUT—The business in desiccated coconut in January was poor. While prices were unchanged in New York, both sales and consumption were low and stocks on hand remained high. It was evident that the prices of desiccated would have to be cut in the near future. Under these conditions Philippine desiccated mills were operating at limited capacity. In fact one or two of the mills were shut down entirely for the month and the balance were probably restricted to not over 50% production. Owing to the large supply of peanuts and other edible nuts in the United States, the prospects for an increase in desiccated demand were not very good.

Shipments for the month totalled only 1,205 tons, thus reflecting the overstocked position in the United States.

GENERAL—At the end of January all markets were in an unsettled condition. There were a few favorable signs in evidence but these were more than counteracted by unfavorable developments and general business uncertainty. It was difficult to predict what might happen in February, but the general consensus of opinion looked toward lower prices in all coconut products, although in Manila at least the season of the year was fast approaching when production would be curtailed for natural reasons, and although copra prices were fast reaching the point where the average producer was losing money whether he knew it or not.

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	Feb. 24	*Feb. 28		Mar. 2	*Mar. 6		*Mar. 9		Mar. 12	*Mar. 13		Mar. 30					
Mar. 1	Mar. 4		Mar. 10		*Mar. 18		Mar. 24				Mar. 30						
	Feb. 28		Mar. 7				Mar. 20			Mar. 25	Mar. 27		Apr. 4	Apr. 6		Apr. 3	
Mar. 3	Mar. 5	Mar. 9			*Mar. 16	Mar. 20	Mar. 21		Mar. 25		Mar. 27						
Mar. 9	Mar. 11	Mar. 17	Mar. 20		*Mar. 28	Apr. 1	Apr. 2				Apr. 7						
	Mar. 5	Mar. 6	Mar. 10			Mar. 17	Mar. 18		Mar. 21	Mar. 21	Mar. 27			Mar. 31		Mar. 28	
Mar. 11	*Mar. 12	Mar. 16				Mar. 25	Mar. 31			Mar. 29	Apr. 4					*Apr. 5	
Mar. 8	Mar. 10		Mar. 16		*Mar. 21	Mar. 24	Mar. 25		*Mar. 25	*Mar. 26	Mar. 30						
Mar. 11	Mar. 9		Mar. 13	Mar. 15	*Mar. 23						Mar. 26						
	Mar. 19						Mar. 25	*Mar. 30			Apr. 1		Apr. 7			Apr. 6	
	Mar. 16	Mar. 18	Mar. 22				Apr. 2						Apr. 7			Apr. 11	
	Mar. 17	Mar. 19	Mar. 23		Mar. 30	Apr. 3	Apr. 4		Apr. 8		Apr. 7		Apr. 10	Apr. 13		Apr. 9	Apr. 18
	Mar. 18	*Mar. 19	Mar. 23			Apr. 1					Apr. 5	Apr. 10					
Mar. 1	Mar. 8	Mar. 11	Mar. 15		Mar. 22		Mar. 27				Apr. 1		Apr. 9			Apr. 13	
	Mar. 19	Mar. 21	Mar. 26				Apr. 6			Apr. 11	Apr. 13		Apr. 20	Apr. 27		Apr. 21	
	Mar. 19						Apr. 10						Apr. 25	Apr. 28		Apr. 24	
	Mar. 21		Mar. 28				Apr. 9										
	Mar. 21						Apr. 13										
Mar. 29	Apr. 1		Apr. 7		*Apr. 16		Apr. 22				Apr. 28						
Mar. 22	Mar. 24		Apr. 30		*Apr. 4	Apr. 7	Apr. 8				Apr. 13						
*Mar. 22	Mar. 29	Apr. 1	Apr. 5		Apr. 12		Apr. 17				Apr. 22		Apr. 30			May 4	

HEAL —Holland East Asia Line
 NLRDM—Netherlands Lloyd Royal Dutch Mail
 RL —Rotterdam Lloyd
 HAL —Hamburg Amerika Line
 SEA —Swedish East Asiatic Line
 G&S —Glen & Shire Line
 EALBS —East Asiatic Line—Bangkok Service
 WL —Wilhelmsen Line
 MMIC —Messageries Line—Indo-China Service

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MR. RIPLEY: PLEASE NOTE

At a bend in the Rio Guinobatan near the present millsite of the Masbate Consolidated company, in 1902 a lad named Jose Ganao sat fishing one day. Bites were few. As the sun rose toward midday, Jose parked his pole, leaned back against a tree, and fell asleep so soundly that his mouth gaped. Presently a frog, just graduated from a pollywog, jumped into this void; and when Jose suddenly woke and gulped with spasmodic astonishment, the frog leaped again—this time down his gullet.

This was the beginning of one of the strangest true stories we know of, evidence of which is Jose Ganao himself, now of course a man past middle age, and the frog that he has kept in ether ever since his riddance from it.

On realizing he had swallowed a frog, he ran frantically home, where his mother told him the frog would unquestionably die and be digested like ordinary food. For a long time, all concerned thought this had happened, but later the boy complained a

great deal of stomach trouble and at night queer guttural sounds came from his midriff. It was feared the frog still lived, though reason put this possibility aside in favor of ulcers or tumors; and as for the sounds, they could be the boy's grinding his teeth in pain.

This was precisely the diagnosis Captain C. S. Sol, an army surgeon, made of the case when it was brought to his attention on one of his periodical visits to the army station in that vicinity. Whereupon the Ganaos arranged with him to operate. But lo, when incision had been made in the stomach, out leaped the frog—grown of course to considerable size, but not green coated and mottled legged, but all as white as just the vest of a frog is when it grows up out of doors. Naturally, before the leap was completed, the frog burst and died—the sudden change of atmospheric pressure was fatal. Retrieving the corpus delicti and turning it over to the Ganaos, Captain Sol exclaimed, "No wonder the name is (Ganao)!" For ganao in the language of Masbate means frog pond.

BONDS ON THE BOARD

On the First of February, the Manila Stock Exchange began regular trading in Philippine bond issues. This marks the first time in the history of the local exchange that bonds have made their appearance on the board. Seventeen issues of Insular bonds, and fifteen issues of Insular collateral bonds were approved for initial listing. Their face value amounts to \$55,684,000, out of a total insular bond issue (including all types and series) of \$73,008,500.

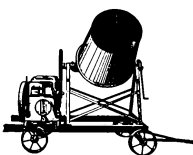
The move on the part of the Manila Stock Exchange directorate is hailed as a step forward, and was in response to an increasing public demand that the exchange provide a market place for bond holders. No startling amount of trading in bonds is likely to develop for some time, however, since gold stocks now are in the driver's seat.

Nevertheless, the move is a step forward, and is another sign that the local stock market is growing up. After all, the gold industry, while important to the national economy of the country, is a long way from being the most important industry in the Philippines. It has been anomalous that trading interest has concerned itself exclusively with gold stocks. Eventually, as the country develops new industries and becomes generally more industrially minded, we can look forward to a healthily diversified interest on the part of the investing public in industrial stocks, gold stocks, and bonds. Encouragement of this on the part of the Manila Stock Exchange through listing Insular bond issues is to be commended.

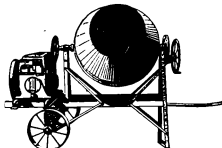
List of Newly Licensed Mining Engineers

There were 29 successful candidates in the latest examination for licenses to practise as mining engineers in the Philippines. The names and grades given to each are as follows:

Lee E. Blinzler	83.93
Charles W. Heyda	83.08
Jose G. Licuanan	82.6
Victor E. Balota	81.38
Arturo P. Alaraz	80.28
Maura Gonzales	78.88
Frank E. Delahunty	77.9
Norbert S. McKenna	77.85
Pablo Capistrano	76.6
Frederick H. King	76.6
Harve I. Ashby	75.53
Warren Gilkison	75.1
Raoul G. Bergman	74.95
Harold E. Helde	74.95
Byron A. Johnston	74.85
Bienvendido Garcia	74.8
Roscoe H. Canon	74.68
Olimpio Bolong y Serian	73.73
Honesto Gapud y Abella	73.53
D. A. Davis	73
David P. Cruz	72.73
Theodore F. Adams	72.35
A. C. Melting	71.28
John F. Patton	71.15
Kenneth H. Hanson	70.68
Lazaro A. Cruz	70.58
Maximo P. Garcia	70.5
Lawrence J. Skinner	70.4
Ignacio S. Antonio	70.1



LEFT
Model 2-S
Powered by McCormick-
Deering 1½ h.p.
Engine. Capacity of 2 Cu.
Ft. Mixed Concrete.



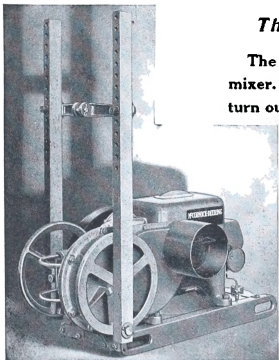
RIGHT
Model "Automix"
Powered by McCormick-
Deering 3-5 h.p.
Engine. Capacity 3½ Cu.
Ft. Mixed Concrete.

Batch-a-Minute Concrete Mixers

They Turn on Ball-Bearings

The secret of good concrete is a good mixer. These simple inexpensive outfits turn out a surprising amount of thoroughly

mixed concrete. The Model 2-S can be operated by either hand or a McCormick-Deering 1½ to 2½ h.p. engine. The "Automix" is powered by a 3 to 5 h.p. McCormick-Deering engine, all mounted on a trailer truck for trailing a truck.



McCormick-Deering 1½ to 2½ h.p. Engine connected to a Deep Well Pump through a specially designed Pump Jack.

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RAIL COMMODITY MOVEMENTS

By LEON M. LAZAGA

Traffic Manager, Manila Railroad Company



The volume of commodities received in Manila during the month of JANUARY, 1938, via the Manila Railroad Company are as follows:

Rice, cavanes	211,989
Sugar, piculs	878,344
Copra, piculs	106,637
Desiccated Coconuts, cases	12,375
Tobacco, bales	841
Lumber, board feet	829,324
Timber, kilos	859,000

The freight revenue car loading statistics for four weeks ending January 22, 1938, as compared with the same period of 1937 are given below:

FREIGHT REVENUE CAR LOADING

COMMODITIES	Number of Freight Cars		Freight Tonnage		Increase or Decrease	
	1938	1937	1938	1937	Tons	Tonnage
Rice	718	888	8,642	10,976	(120)	(1,549)
Palay	290	125	3,370	2,896	138	1,064
Sugar	1,275	1,198	35,278	34,918	77	4,369
Sugar Cane	8,832	10,423	183,079	191,579	(1,584)	(28,509)
Copra	48	168	3,805	1,134	270	2,671
Coconuts	18	93	569	2,837	(120)	(181)
Molasses	1	—	31	—	1	11
Tobacco	5	8	52	65	(3)	(18)
Livestock	10	4	6	4	6	46
Mineral Products	685	370	4,706	4,351	86	884
Lumber and Timber	122	99	8,682	2,395	23	657
Other Forest Products	163	170	6	2,192	17	10
Manufactures	2,678	2,601	16,272	15,660	172	913
All Others including L.C.I.	15,056	16,092	246,840	248,891	(1,036)	(21,761)
TOTAL	15,056	16,092	246,840	248,891	(1,036)	(21,761)

SUMMARY

Week ending Jan. 1	2,602	3,041	38,898	48,578	(539)	9,740
Week ending Jan. 8	3,915	4,376	54,522	72,792	(661)	(8,207)
Week ending Jan. 15	4,211	4,932	70,862	76,360	(181)	(6,698)
Week ending Jan. 22	4,428	4,283	73,118	71,824	145	1,794
TOTAL	15,056	16,092	246,840	248,891	(1,036)	(21,761)

Note—Figures in parenthesis indicate decrease

Low Cost...

(Continued from page 34)

to buy all of it in any house 100 years old or more that is being demolished to make way for concrete; we have bought it before, and used it for our own house, and we know how good it is.

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can be made any-proof as well, and weather-proof. The Spaniards did it.

With the present administration policies set on social justice, and with the housing problem looming so large as a factor of social justice, we believe it will not be long before the government begins to take some sort of action. What form of action will be taken remains to be seen; but that something will at last be done to provide better living conditions for the poor, we confidently expect.

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