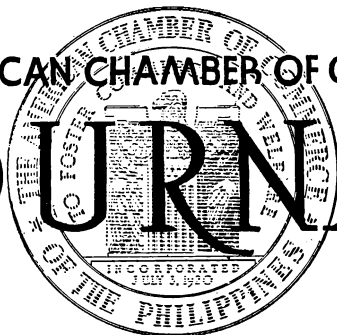


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



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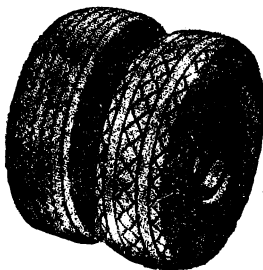
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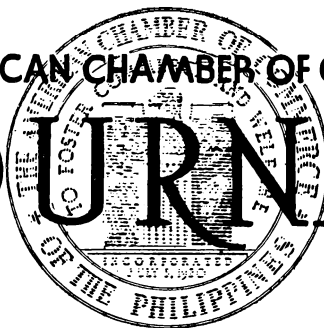
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Editorials

On August 4, by telephone, the American Chamber of Commerce of the Philippines received an invitation from the Department of Foreign

The Trade Mission to Japan

Affairs to nominate five of its members desirous of joining the trade mission to Japan authorized some time ago by SCAP. Although the Chamber was given only one day to sound out around a hundred member-firms, seven names were submitted, the Chamber understanding that from among them one or more would be included in the group of six persons from the Philippines who would be given the necessary entry-permits into Japan.

A week or so later, the newspapers published the names of the six persons who had been officially designated, and among them was not one of those nominated by the American Chamber. A telephone inquiry at the Department of Foreign Affairs elicited the information that the Chamber's list of nominees had been referred to the Cabinet, which had decided to restrict the membership of the mission to Filipinos.

The nominees of the Chamber all represented large and well-financed import and export firms, some of which have been in business in the Philippines for more than forty years. Included were men who control warehouses which hold large stocks of excess merchandise which could have been used in the exchange and barter which the authorities in Japan favor for the present.

On the other hand, of the six persons designated by the Government, all but two are virtually unknown in business. One represents an enterprise which applied for commercial registration only after his designation to membership in the mission.

The Chamber therefore addressed a letter to President Manuel Roxas declaring that it found itself bound to protest against this act of exclusion, not only in the interest of its members, but in the interest of Philippine commerce generally. The letter stated that it was believed that the President would wish to have this matter brought to his personal attention.

The Chamber simultaneously lodged a protest with the American Embassy, stating:

"This Chamber submits that this is unfair discrimination, probably not in line with the intentions of SCAP and contrary to the best interest of Philippine commerce and trade.

Mr. Emilio Abello, Chief of the Executive Office, answered the Chamber's letter of protest a few days later as follows:

"The President wishes me to acknowledge the receipt of your letter dated August 18, 1947, in which you protest against the omission of the name submitted by the American Chamber of Commerce from the membership of the trade mission to Japan. Inasmuch as the traders' representatives already selected will be in Japan for only a short period of about twenty-one days, other groups will be sent later and representatives of American business houses would then be included."

It is to be pointed out that the Chamber did not protest against "the omission of the names" it had submitted, but against the total exclusion of American business representation. The Chamber is of the opinion that Mr. Abello's letter leaves the question of the unfair and unwise discrimination in this matter, unresolved.

The special article, "The Metropolitan Water District in Crisis", by Mr. Manuel Mañosa, the present manager of the District, is the frankest and most courageous exposition of the real and indeed alarming state of Manila's water-system today, the system which in the past has been so highly touted.

The simple fact is that the annual consumption-demand exceeds the supply, in spite of large expenditures some years ago on a system that was supposed to be able to meet all contingencies until the year 1980.

If it were only possible to re-connect the old and carelessly discarded Montalban system to augment the supply which now comes exclusively from the Angat River! But in part because of wrong estimates, erroneous predictions, and a general misunderstanding of the real situation, the three-kilometer length of 30-inch iron pipe, which was the most important part of the Montalban-Manila connection, was sold in 1940 for a paltry ₱26,000 and taken out. To replace the pipe-line today would cost ₱300,000 for the pipe alone, and it would take eight months of labor to put it in after the pipe got here, if it is obtainable at all.

It seems that Manila will have to look forward to some very dry seasons for some time to come, and discomfort will be but a small part of the price we will have to pay for what is definitely to be attributed to incompetent political direction of an all-important and highly technical public-utility service which can rightly be managed only by trained engineers.

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The Stalin regime today betrays the world, as, long before World War II, it betrayed the Russian people.

Those in and outside of Russia who looked upon Russian "communism" as the realization of an ideal politico-economic system, suffered the keenest disillusionment. It turned out to be only another despotism, and inevitably so because it lacks the checks and balances which preserve human liberties under the Western democratic systems.

Nevertheless, the comradeship-in-arms between the Western democracies and Russia in the last war, led many to hope once again that the differences between them were not irreconcilable and that Russia in time might be won over to a pursuit of democracy, with or without a return to what is called the "private ownership of the means of production".*

International developments since the war show clearly that the so-called capitalistic democracies were and are eager to move forward in world rehabilitation in cooperation with Russia as one of the leading members of the United Nations. But these same developments, tragically show with equal clearness that Russia under Stalin employs its position as a member only to increase disunion; that it will not cooperate, and, instead, is determined to obstruct every effort to bring the world back to an early peace.

The question is, Why?

The answer can not be anything else than that Russia, under Stalin, does not want order and prosperity reestablished in the non-Russian world; that it purposely foments disorder, misery, distrust, and hatred on an international scale as an active political policy. The despots in control of Russia are obviously set upon bringing about, if they can, the failure of every politico-economic effort outside their own sphere. And the reason for that can only be that they are apprehensive of the development of free and strong and happy peoples anywhere. They fear to match their system on equal terms with the systems of the Western democracies.

As long as the Russian leaders remain of that mind, they will continue to resort to every means available to them to prevent and delay the reestablishment of world order and prosperity. Nothing can be expected of them than continued opposition and obstruction.

As a consequence, the only course open to the other nations, great and small, is to go ahead, as well as they can without Russia. This is most unfortunate for both the Russian people and all other peoples, but there can be no cooperation with a non-cooperating entity. Cooperation is impossible without reciprocation. Russia is itself responsible for the isolation into which the subversive policy of its leaders is bringing that nation.

*That alone need not divide nations or constitute a possible source of war. Whatever politico-economic system a people may consider it wise to adopt for themselves, may be considered their own business so long as they do not turn to slave-breeding for the implementation of schemes of aggression and conquest. Socialism in England has not alienated "capitalistic" America from the British. If the Russian leaders were honest idealists, there would have been a pronounced rapprochement between Russia and Britain, which is not the case.

Mere ideological differences are not worth fighting for; but the maintenance of national independence and the preservation of the individual rights and liberties of citizens developed under democracy, are worth fighting for, have been fought for, and would be fought for again if necessary.

To ostracize Russia, in so far as that is possible in international affairs, could not of itself result in war. It would be the world's prayer that it would avert such an unimaginable catastrophe. On the contrary, it is the policy of the Russian leaders of systematically inciting and abetting mistrust, dissent, and hostility which would logically lead to war.

There remains the hope that the Russian leaders will be brought to their senses. If they are forced to the conclusion that their policy of world sabotage is not succeeding, that they are only increasing the world's distrust and fear of them, then they may, before it is too late, embrace the wiser policy of international cooperation of which the world stands in such great need.

Meanwhile, these baleful satraps of discord should not be given the benefit of the doubt, if, indeed, the least doubt can still exist. They must be made to understand how honest men of every shade of political and economic opinion regard them,—as the unconscionable and criminal wreckers which, by every possible test, they are.

The Beyster Report, a brief advance summary of which was contained in the August number of this *Journal* (under the heading, "Philippine Government Corporations"), was officially released too late for a competent review of it to be included in this issue. We hope to publish such a review in the October *Journal*.

Though generally referred to as the Beyster Report, the publication is entitled: "Proposed Program for Industrial Rehabilitation and Development, Prepared by the technical staff of the National Development Company under the supervision of the H. E. Beyster Corporation, Consulting Engineers, Detroit, Michigan". The Report is dated, June 24, 1947.

There have been a number of requests received recently for information as to whether non-American business houses or nationals can become members of the American Chamber of Commerce of the Philippines.

As the American Chamber of Commerce here, only American firms or American nationals can be active members, and only American nationals can be associate members of the organization.

However, an American firm may be represented in the Chamber by a non-American general manager, as in the case of the International Business Machines Corporation, of which Mr. R. V. del Rosario is the general manager.

Furthermore, a non-American firm may obtain certain indirect representation in the Chamber through some American on its executive staff who may personally become either an active or associate member, as in the case of Mr. Charles G. Herdman, of the Marsman Trading Corporation, who is an active member.

"In so far as I am concerned, the Philippines has first priority."

President Truman

*As quoted by Frank A. Waring
Chairman, War Damage Commission*

The Metropolitan Water District in Crisis

By Manuel Mañosa
Manager, Metropolitan Water District

ACT 2832 of the Philippine National Assembly created the Metropolitan Water District in 1919, and, since that year, with the exception of a lapse of time during the Japanese occupation, this organization has continued to operate as a public corporation, under a District Board.

It must be stated, however, that the city water development began in 1875 with the organization of the Carriedo Waterworks System during the Spanish regime. The Mariquina River at Santolan was used as the source of supply. This system, named after Francisco Carriedo y Peredo, was operated at first by a *Departamento de Aguas Potables* of the Ayuntamiento de Manila under the direction of a *Superintendente*.

When Civil Government was established, after the American occupation, the system was turned into the "Division of Waterworks and Sewerage" under the Department of Engineering and Public Works, City of Manila.

But even during the early part of the American occupation, a water-shortage plagued Manila largely because of

the influx of people from the provinces seeking security and attracted by the City's prosperity. The best that could be done then was to double the pumping-capacity of the "Carriedo" system, a work which was completed by the Military Engineers in scarcely four months' time.

In 1902 the Montalban system was conceived. The project was referred to a consulting engineer, Desmond Fitzgerald, and upon official approval in 1906 of the plans arrived at, the construction work was begun. In 1909, the system was inaugurated, but three years afterward, in 1912, there was again an acute shortage. The press criticised the administration severely, attributing the shortage to the policy adopted of closing all private surface-wells and cisterns. H. S. Schicks, an assistant engineer in the Division of Waterworks and Sewerage, disposed of this criticism in a report which brought out the fact that consumption had increased from 9 million gallon a day in 1908 to 13 million in 1912, and predicted that in less than ten years the consumption would probably reach 20 million. The Division continued to operate, using both the Montalban and the Carriedo Water Systems, without much effort to supplement the supply as advocated by Mr. Schicks. However, there were private persons and concerns which engaged in the business of supplying water to the public from other sources,—one of the easiest and most lucrative business undertakings of that period.

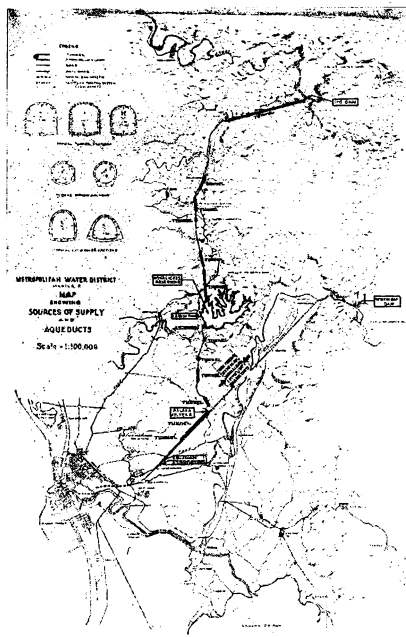
In 1918 it was decided to separate the administration of the water system from the Municipal Government of Manila, and Act No. 2832, mentioned at the beginning of this article, was approved on March 6, 1919. The Division of Waterworks and Sewerage with its small office in the City Hall was converted into an independent government corporation with offices in a large building on Rizal Avenue.

With high hopes and great enthusiasm, the officials who were called to serve the Metropolitan Water District set out to solve once and for all the important problem of supplying potable water to the residents of Manila and nine surrounding municipalities, in accordance with the new Charter

But in spite of their good intentions, five years elapsed before a definite program of improvement was drawn up. About the middle of 1922 preliminary reports were presented for the consideration of the Board of Directors, and two years afterward the District was launched on a definite program of activities. Credit is due to George Stroebe, hydraulic engineer in the Bureau of Public Works, for recommending the construction of the Novaliches impounding-reservoir to supplement the then sources of supply in the shortest possible time. His plan was to convert this reservoir into a sedimentation- or settling-basin for the deposition of the silt in the turbid waters of the Angat River. His recommendations were carried out and the results proved that his ideas were sound.

In 1917 the then Chief of the Division of Waterworks and Sewerage made certain predictions as to the probable future increase of the population of the City and of the daily water consumption. He submitted these estimates to higher authorities to show the urgency of the need to develop additional sources of supply. Graph I shows the predictions compared with presently available data and estimates by the writer.

The 1917 predictions, made prior to the creation of the Metropolitan Water District, were unfortunately taken



Manila and its environs, showing the sources of the city water-supply

by subsequent administrations as accurate forecasts, and this explains the appearance of the following statement in the official pamphlet published in 1935 in connection with the inauguration of the Balara Filters:

"ANGAT-NOVALICHES PROJECT:—This project has been designed to ultimately furnish Manila with 80 million gallons of water per day, which should be sufficient to meet the requirements for the next eighty years..."

In a souvenir program of the inauguration ceremonies of the Ipo Dam, in 1940, a similar statement was made:

"The completion of the Angat-Novaliches System assures an ample water-supply for Manila and its environs for at least sixty years and justifies the abandonment of the obsolete Montalban system as a source of supply."

The population of Manila in 1939, according to the Bureau of the Census, was 623,492. The combined population of other municipalities within the Metropolitan Area was 285,306; the total population was, therefore, 908,798.* It will be noted that this figure is more than twice that of 432,273, which was the prediction in 1917.

The water-shortage experienced during the last dry season is convincing proof of the falsity of the official statements based on the 1917 underestimates. The daily draft from the Novaliches Reservoir reached the almost unbelievable volume of 86,500,000 gallons a day, which is almost double the volume-demand predicted in 1917. It exceeded in fact the combined capacities of the systems now in use, and compelled the throttling of the main valves of the distribution network. Then, of course, came the complaints of either "no water" or "low pressure".

Instead therefore of having kept our water resources and reserves way ahead of the demand, as we should have done to meet the needs of future consumers, we find our water-bag very much depleted, containing not even enough to supply the bare necessities of life of the present population.

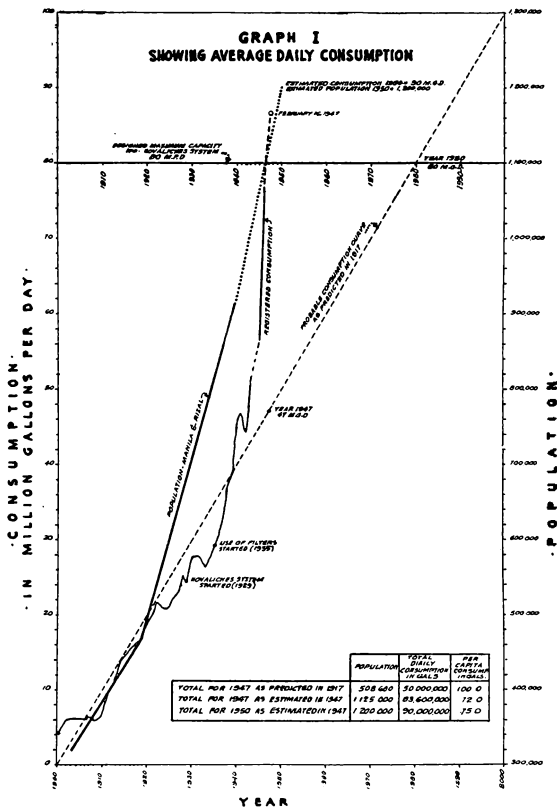
When the problem of insufficient supply is analyzed from the construction viewpoint, it is seen to be very serious indeed not only because of the factor of finance, but of time. To avoid many words, I refer to Graph II which represents the sources of supply, important parts of the system such as the Balara Filters and the San Juan Reservoir, and the aqueducts (I refuse to call them all siphons) which interconnect these units. Inasmuch as the Angat River is one of the largest rivers in the Philippines, as one may see by just looking at a map, one might doubt even the possibility of a water shortage. But if it is noted that the aqueducts which have been laid consist of 14 tunnels

of 80-million-gallon capacity a day and 13 cut-and-cover aqueducts, which carry only 40 million gallons, to interconnect the tunnels, then the picture is quite different.

Taking into consideration that the present consumption has reached a draft of 86 million gallons a day from the Novaliches Reservoir, it is ridiculous to say that this system will remain adequate for 60 or 80 more years to come.

And what possible construction work, or combination of expedients could be devised to improve these various-sized bottlenecks of flow to provide for at least the present demand during the dry season? If the aqueducts are enlarged, say to 100-million-gallon capacity, the tunnels will become the bottlenecks. If the construction of an entirely new line is begun, it will take years to complete it.

The cost of building an aqueduct twice the capacity of a smaller one, is much less than double, in the same way that the price of a 1/2-inch pipe is 42 centavos a foot, and the cost of a 3/4-inch pipe is only 46 centavos, though it is two times larger in capacity. If both pipes are laid under-



ground, the difference is even less because the volume and cost of the necessary excavation remains practically the same. Can anyone help but question the wisdom of the decision to build this long 36-kilometer aqueduct in a series of elements of different diameters? A mere percentage over the original cost would have given us a system which it would not now cost over two million pesos to correct,— two million pesos which we do not have. And the correction will take a whole year's time.

Another requirement, and a serious one because of the big outlay of money called for, is the necessary general overhauling of the whole distribution system.

For many years, there has been an item in every annual budget of the District, of a lump-sum appropriation for the extension of water-mains on condition that a return of 10% must be assured before the work is undertaken. The effect of this policy of extending mains at random without reference to a master-plan, has been most disastrous.

Let me illustrate: At the extremities of, let me call it, the Carriedo network-system, which as everybody knows is not meeting the requirements of the modern fire-protection equipment now in use, there are 6-inch mains which the real-estate subdivisions springing up everywhere want to hook on to for development. Upon the construction of a few houses the owners naturally desire to have water-service. The applications are filed and the inspections are made, after which the approximate cost of the water-main extension is computed, chargeable under the lump-sum item in the budget. If the classical method of extending water-mains is followed, it will be discovered that too large a budget outlay would be required to cover the cost of extending the 6-inch main, because computation of the probable income shows that the investment could not render the required 10% return. If a 4-inch main costs too much to insure the desired income, the size of the proposed main is reduced to 3 inches, 2-1/2 inches, 2 inches, and to even smaller sizes, until the cost of the main is found on computation to be only ten times more than the probable annual return. In this way the distribution system of the District has expanded, and some of these diminutive so-called "mains" now lie under well-paved streets!

The City continues expanding and its inhabitants are piling up improvements on their lots. Where once there stood one small house, there are now three or four *accosorios* (flats); and where there stood a one-story residence there is now a two- or three-story office building. The demand for water has jumped to five, ten, and even fifteen times the volume required when the water main was first laid.

The effect of these deficiencies are notorious and may be compared to what would happen to a man with the blood-circulatory system of a child.

Past administrations claimed that the situation involved only a simple problem of water distribution and requested ₱4,000,000 to take care of it. And now a good excuse for still doing nothing has been found: "Let us wait until the replanning of the City is finished." Are we not losing vital time?

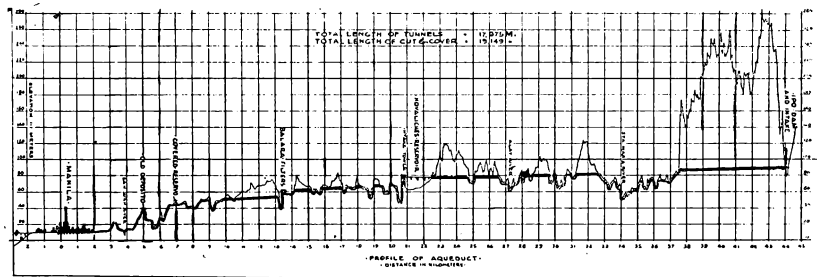
In 1933 the capacity of the filtration plant was 40 million gallons, and this was enough to cope with the consumption at that time, about 30 million gallons a day. In 1935 the new filters were at last completed, but in 1938, three years later, when the consumption had reached 37 million gallons, two more filter-beds had to be added, bringing the total plant capacity to 50 million gallons. This year, 1947, the size of the plant remains the same as ten years ago, 50 million gallons, but the daily consumption has risen to over 80 million gallons. The filter-beds have had to be operated over-loaded, but even so the most that can be done is to filter a volume of 70 million gallons; the rest of the volume demanded is by-passed raw and chlorinated heavily to make up for the insufficient filtering. Today we need a filtration plant twice the size of the one we are operating.

This is not all. While riding high on the peak of the capacity-consumption differential, which unfortunately passed unnoticed, it was decided to try something new. Concrete aqueducts were used with success here and abroad to bring down water from the sources of supply to reservoirs and filtration plants, and from there to the distributing reservoirs. Why not use concrete in the distribution system also? Instead of the wrought-iron pipes which are so very expensive!

So the main for the upper stretch of the distribution network, supplying about 80% of the consumers in the richest and most congested part of Manila, running from the reservoir at San Juan to the Rotonda, about two kilometers, was built of reinforced concrete.

This concrete main-artery, because of the shock of our heavy traffic, earth-tremors, etc., is now full of cracks throughout its whole length. Recently, before the work of paving Santa Mesa Boulevard, was started, laborers of the District tried to stop three or four leaking jets which were softening the ground and ruining the roadbed. The work performed was a real engineering stunt, involving drainage, lead-wool caulking, patching, and finally a reinforced concrete collar. The cost of the repair was considerable, running to from five to ten times the amount which would have been required had the main been one of wrought-iron. The U. S. Military Engineers who worked with us after the liberation of Manila were surprised at our "courage" in our having undertaken this experiment in concrete in the most delicate and vital portion of our

(Continued on page 170)



Profile of the Aqueduct from the Ipo Dam to Manila

Surplus Property And Rehabilitation

By F. Segado*

Vice-President, Manila Machinery
and Supply Co., Inc.

THE Philippine Rehabilitation Act is an expression of the desire of the people of the United States to compensate the people of the Philippines for the loss and damage suffered by them during the years that the enemy occupied this country. It is a recognition of the loyalty of the Filipino people to America.

In accordance with the terms of the War Damage Compensation Act, the United States will make direct monetary compensation to individuals and entities to the amount of no less than 400 million dollars. The machinery necessary to handle this distribution has been set up. The Act requires that on the Commission entrusted with this work, the Philippines have a representative, and one of our distinguished citizens is today occupying this position and acquitting himself with credit.

Secondly, in accordance with the surplus property provision (Sec. 201), the United States granted to the Government of the Philippines, as indirect help to its people, without reimbursement, surplus Army and Navy property left in the Philippines at the termination of the war and no longer needed by the Armed forces, conservatively estimated as worth some 630 million dollars in original cost, consisting of movables, and, in addition, fixed installations and other immovables estimated as worth 54 million dollars more. In the grant, this property is assessed at only 100 million dollars. The expectation is that the Filipino people, exercising their good judgment, will make use of this property to replace or repair similar property lost or damaged in the war, and convert into cash such part of it as is not needed for these purposes.

The administration, protection, and disposition of such vast quantities of property, scattered about in different parts of the country, can not be considered a simple matter in any sense of the word. Impressed by the magnitude and importance of the task, President Roxas spent long days and nights in the study of how to derive the maximum benefit for the people out of this bounty suddenly dropped in his lap. To aid him in this task, he enlisted the services of three able men in whom he has full confidence, but feeling that it is his personal responsibility, he has not relinquished personal control and has given his attention even to the details of administration.

It is impossible for any man to form a complete mental picture of this vast treasure. Roughly, and in round figures, the quantities and values of the surplus property, which consists of vehicles of all kinds, tractors, cranes, rollers, graders, derricks, electrical and radio equipment, general commissary goods, etc., stored in several provinces, are as follows:

Approximately 67,000 tons, valued at over 55 million dollars, in Leyte; 17,000 tons, valued at 5-1/2 million, in Cebu; 116,000 tons, valued at 88 million, in Batangas; 7,000 tons, valued at 1-1/2 million, in Palawan; 81,000 tons, valued at 67 million, in La Union; 300,000 tons, valued at 115 million, in Samar; and over 450,000 tons, valued at nearly 300 million, in the Base X (Manila area), which comes to a total of over 1,000,000 tons of property, truly a staggering figure.

When one begins to think of those vast quantities and immense values, one gets some idea of the problem which confronts the President. The property is not, as one might suppose, stored in concentrated lots in the places mentioned,

but is scattered about in various depots and areas. Some of it is stored in open places which, originally fenced, are now exposed; some of it, though stored in roofed warehouses, is by no means safe from looters. Most of the property, brought to the Philippines since 1944, has suffered considerably from deterioration by exposure to the weather and lack of care; in fact, the quantities are so immense that it is not humanly possible to give the property the care and attention which it requires. No inventory is available. It is doubtful that an inventory could be made which would be anywhere near accurate because there are thousands upon thousands of different articles, many of them highly technical in nature. Even if competent personnel could be employed, the expense would be tremendous and might easily offset the recoverable value of the goods. All this has rendered the property particularly susceptible to pilferage, and the losses which the Government has already suffered through this cause amount to millions.

It is unfortunate that the transfer of the property to the Republic was so slow, due to perhaps a too strict observance of governmental rules and regulations. This has meant not only further deterioration, but added expense, which will continue to mount until the property is disposed of. If government restrictions had been somewhat relaxed, and ordinary business methods had been employed, more progress would have been made.

While it is true that a relatively small part of the property has found its way into the hands of a considerable number of legitimate buyers, many persons, it is common belief, have taken dishonest advantage of the confused situation at the cost of delay in a more general rehabilitation. (Be it said that one outstanding contribution to the rehabilitation of Juan de la Cruz is the "jeep". The jeep brought with it speculation and organized theft, but the general result of its appearance and use has been to the common man's advantage. This versatile vehicle has given employment to thousands and brought the means of transportation to hundreds of thousands, though it has also created a big traffic problem in the country.)

Time has been against the best intentions of the two nations whose objective is for the people of the Philippines, through its Government, to derive the fullest measure of benefit from this surplus property. Petty jealousies and personal motives on the part of some, and an overemphasis on technicalities on the part of others among those entrusted with the responsibility of administering it, have been a serious handicap.

In those critical months following the defeat of Japan, there was opportunity for quick action to insure that a considerable part of the surplus property would be immediately devoted to the purposes specified in the Rehabilitation Act. The mandate was and is for prompt disposal for the repair of the damage caused by the war. Instead, through improper direction, a great part of it fell into the hands of unscrupulous persons who enriched themselves to the detriment of the people, while a considerably greater part has been allowed to deteriorate and to become obsolete.

The Republic Act accepting this grant from the United States requires that the disposal of that part of the property not needed by the Government, is to be made through

* Former head of the Office of the Purchasing Agent, Bureau of Supply.

established commercial channels, and that products of given brands or makes are to be marketed through the established agencies of those brands. The wisdom of the provision is obvious, but it is a sad commentary on this good intention that the established commercial distribution agencies have shown an utter indifference, perhaps because the two Governments also have been unmindful of and indifferent to these agencies as channels for disposal.

The greater part of the property, much of it now in poor condition through age and deterioration, remains unsold. A considerable portion of it can never be sold. The onrush into the market of new, more modern equipment has overtaken this war materiel, and the business which is steadily taking normal shape in the country appears to prefer the new equipment even if it has to pay a lot more for it.

Thus today, the Government is confronted with the big problem of how and where at this stage to dispose of the remaining surplus property, which is costing the Government millions of pesos to keep and protect. If it cannot be converted into cash, what to do with it, and how to pay for doing it? The Government must dispose of it for the simple reason that it can not afford the expense of keeping it forever.

The surplus property has done the country some good. It could have done much more good a year or two back if the opportunity had been taken advantage of then. Whether in the end and as a whole, it will have done more damage than good to the country by retarding the reestab-

lishment of normal business, may still be considered a debatable question.

To close on a somewhat more constructive note, I would propose:

(1) That every effort be made to obtain the earliest possible delivery of all remaining surplus property from the Foreign Liquidation Commission so that the Surplus Property Commission would have full jurisdiction;

(2) That the general supervisory functions of the Surplus Property Commission be divided among the three members, each to exercise these functions over specified classifications of the surplus goods, as this would save time and effort;

(3) That the depot and base superintendents and their staffs be given greater authority in disposing locally, where possible, of the goods in their charge without referring everything to Manila at every step, subject, naturally, to certain limitations and in conformity with directives respecting public bidding, valuation, prices, thus reducing losses from spoilage especially in consumption goods;

(4) That, where possible, the surplus property be disposed of in bulk, in very large lots, and even by whole depots and bases, to avoid further losses in time and from deterioration, spoilage, and looting;

(5) That bids be invited from abroad as well as locally since the stocks available in many cases are too immense for local use or consumption;

(6) That a general inventory be made immediately, but only according to broad classifications of goods, and that corresponding catalogs be made available to possible bidders;

(7) That the Government select and at least roughly segregate or earmark right away all the surplus property its needs for its own purposes so that the rest can be advertised for immediate sale;

(8) That the various government entities be permitted to submit their respective requisitions for needed surplus goods, regardless of the availability of funds to pay for them, since these transactions are inter-governmental and mean only paper-work anyway.

On The Proposed Central Bank*

By Miguel Cuaderno, Sr.

Secretary of Finance

I am happy to be with you today to discuss and present in their proper perspective some of the important economic and financial problems that confront the Philippines. As Chairman of the Philippine Section of the Joint Philippine-American Finance Commission, I take this opportunity to explain to the representatives of the business and banking community some of the important conclusions arrived at by that body. You will recall that the Joint Philippine-American Finance Commission was created upon agreement of the Philippine Government and the United States Government to consider the financial and budgetary problems of the Philippine Government and to make recommendations thereon to the heads of the two governments with reference to taxes, budget, public debt, currency and banking reforms, exchange and trade problems, reconstruction and development.

I shall not have time to discuss all of these problems in detail so, I shall confine myself to two of them, namely: currency and banking reforms; and touch very briefly on the other points.

Let me first consider the currency problem:

At the outset, I wish to make the observation that of all the vital problems of the Philippines today, that of the currency has been the least understood and productive of the most unorthodox views. I hope that I shall be able to dispel some doubts that seem to have been created by the recommendations of the Joint Commission and contribute to a clearer understanding of this problem. The Philippines is on what is known as the dollar exchange standard. From 1903 to 1934, our currency system followed the pattern of the gold exchange standard. The peso was redeemable in dollars which in turn were redeemable in gold. The reserves of the currency which were regarded as

gold were deposited almost entirely in the United States. The currency system of the Philippines was inseparably linked to that of the United States and the peso followed the fortunes of the American dollar. When the United States abandoned the gold standard in 1934, the Philippines was also compelled to abandon the gold exchange standard. By an amendment of the currency law, we fixed the value of the peso at the rate of ₱2 to \$1, no matter what happened to the dollar. The Philippines has been since 1934, on the dollar exchange standard. Independence has not changed the currency system in any way and the peso continues to be inseparably linked to the American dollar. Under the Philippine Rehabilitation Act of 1946, otherwise known as the Bell Act, the value of the peso in relation to the dollar "shall not be changed, the convertibility of pesos into dollars shall not be suspended and no restrictions on the transfer of funds to the United States shall be imposed except by agreement with the President of the United States." No modification of this arrangement is proposed or even contemplated.

There is, however, one feature of our currency system which has been a drag on the economic development of the Republic. It does not permit the regulation of the money supply to meet the internal needs of the economy. The system still follows the 19th century principle of "hard money" which permits the monetary authority to issue currency only to the extent of the reserves. This is a principle that has long been abandoned by all progressive countries but we still continue to observe it to our great disadvantage.

In order to remedy these defects, the Joint Philippine-

*From a speech delivered before the Manila Rotary Club, July 17.

American Finance Commission recommended the adoption by the Philippine Government of a managed currency system. The monetary authority of such a system will be a Central Bank, an institution that has been established in almost all civilized and progressive countries of the world today. Under such a system, the volume of circulation will be expanded as the need for it arises and contracted when there is no longer any necessity for a large volume of money. Needless to say, this arrangement is not feasible in the Philippines today in the absence of a Central Bank.

There seems to be some apprehension in a segment of the business community about the proposed change in the currency system. It is feared that such a system might disrupt business and it is felt that the Philippines should go slow in effecting the change. Such a view, I must say, can be entertained only by those who are not well informed of monetary reforms in the world today. Most countries after the Great Depression of 1929-1933 had gone on a managed currency system which is quite different from the gold standard. The gold standard is in itself a managed system to a certain extent, but it gives very little or no discretion at all to the monetary authority in alleviating credit stringency in times of emergency. No important country in the world today adheres to the automatic currency system the gold standard is commonly regarded, without imposing heavy handicaps on efforts to revive its economy. We must reform our outmoded currency system if the Philippines is not to lag behind in expanding its economy and in affording higher social standards for the people. Only thus could we facilitate reconstruction and permit the country to effect diversification of the national economy within the limitations of our natural resources and available man power.

The editor of one of the local newspapers has expressed the opinion that the currency reforms recommended by the Joint Finance Commission would bring about a complete shift in the country's monetary foundations from a United States dollar-backed reserve currency to a managed currency system under a Central Bank operating in Manila. This observation suggests the abandonment of the dollar exchange standard and the unlinking of the peso from the dollar. Nothing could be farther from the truth. The dollar exchange standard would continue even after the establishment of the proposed managed currency system. The proposed change would not violate any of the international commitments of the Philippines under the International Monetary Fund or under the Bell Act. The fundamental change in the system will be that the currency issue will not be related to a fixed percentage reserve, as at present, but will depend upon the needs of trade and industry. I must mention here that the stability of the external value of a currency depends upon the willingness and ability of the monetary authority to redeem the national currency in usable foreign currencies. This is the only type of redemption that is necessary today in order to maintain a sound currency system. As the capacity of the Central Bank to meet any and all demands for foreign currency depends upon its foreign exchange assets or reserves in international money, it will have to maintain a close watch over its foreign exchange position while it meets all possible demands for increased credit and currency circulation. It will be the duty of the Central Bank to adopt all necessary measures to assure an adequate supply of foreign exchange in order to maintain the value of the peso.

Without a Central Bank it would be impossible to have a managed currency. The Central Bank is an institution that we have been trying to establish in this country for the past decade. I believe that our efforts to establish a Central Bank will be realized now. The importance of such an institution in the post-war period was so well realized by the Joint Philippine-American Finance Commission that we were able to sign a unanimous report on this subject.

The Commission recommended that even before the actual establishment of the Central Bank, a division of economic research and statistics should be organized to begin immediately to set up those statistical measures which the institution must have in order to control credit intelligently. It also recommended the appointment of a Central Bank Council which will draft the new monetary and central banking laws, select the key personnel of the bank, arrange for a period of study and training for them both at home and abroad, and obtain whatever necessary technical assistance which can be acquired from abroad.

The Central Bank will assume the functions pertaining to currency now exercised by the National Treasury. It will assume the liability for all treasury certificates and acquire all the currency reserves. The Bank will be the sole issuing authority for all notes and coins in circulation. It will in short be the monetary authority in the Philippines—the guardian of the stability of the monetary system. It will at the same time act as fiscal agent of the Government.

The Central Bank will also be a banker's bank and will normally have direct relations only with the banks and the Government. It is proposed to make the Central Bank a separate entity, completely independent of existing government banks and financial institutions. All banks in the Philippines, both domestic and foreign, will be required to deposit their legal reserves with the Central Bank. The Bureau of Banking, like the currency and public debt divisions of the National Treasury, will be absorbed by the Central Bank.

The Central Bank will perform a most important function in the rehabilitation and economic development of the country. It will enable the banks to expand their lending capacity, and will promote credit conditions which will foster an expanding economy.

The post-war era will witness a tremendous development of public credit in this country. Heretofore, we have relied mainly upon foreign investors to purchase government bonds. Only a very small proportion of the public debt today has been absorbed locally. From now on, it is proposed that the Government rely more and more on the local money market for its short- and long-term financing. The banks and insurance companies have been almost the exclusive investors in government securities in the Philippines. In order to avoid any inflationary trend that might result from government financing it will be advisable to develop a market consisting to a large extent of individual investors, small savers who would put their excess funds in government bonds and thus mop up excess purchasing power which competes for scarce commodities. It will be difficult, however, to develop such a market if those who purchase government securities cannot conveniently dispose of their holdings except at a great loss when they need their money. To attract this type of investors they should be assured of the ready convertibility of their bond-holdings at par or at a nominal discount only. The Central Bank will provide such an instrumentality as it could afford the banks the necessary accommodation in case they should find it necessary to raise funds against government securities. It is impossible to develop an active money market here without the intervention of a Central Bank.

The banking system of the country is decentralized, each bank minding its own business and depending upon its own resources to meet any credit stringency or emergency that may impose heavy demands upon it. For this reason, each bank must always maintain a high level of liquidity, immobilizing an enormous amount of idle funds which can not but mean idle men and resources in a capital-poor country like the Philippines. Our banks are sound, let there be no mistake about that, but it is a sound position maintained at too high a price,—one which we can ill afford to pay during this period of our national existence. This fact has long been recognized but no relief could be afforded

(Continued on page 169)

The Business View

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

Office of the President

From an Official Source

July 16—August 15

TO carry out the maternal-child health and nutrition program of the Government, 23 maternal-child health and nutrition units left Manila on or about July 15 for various provincial assignments. Some of these units were to operate where there were no existing puericulture centers and municipal maternity charity clinics. Some of them were assigned to treat on-the-spot cases of school children who are suffering from eye, ear, nose, and throat diseases.

Notice was given (July 19) to all holders of emergency currency notes that they should register their notes with any city or municipal treasurer on or before July 31.

In view of the great volume of business at present being handled by the Government, the Cabinet decided on July 22 to hold its meetings at 5 o'clock in the afternoon instead of in the morning.

President Roxas on July 29 issued Executive Order No. 68 establishing a National War-Crimes Office for the trial of all Japanese accused of war crimes committed in the Philippines and prescribing rules and regulations governing such trials. The War-Crimes Office was organized under the Judge Advocate General's Office of the Army of the Philippines.

On July 29, the President issued Proclamation No. 29, reserving as special forest for government lumber-production purposes a parcel of land situated in the municipalities of Butuan and Buenavista and the municipal districts of Las Nieves, Remedios, Milagros, Concordia, Esperanza, Guadalupe, Santa Ines, San Luis, Mampinsahan, Verdu, Maygatasan, and Nuevo Sibagat, Agusan, Mindanao.

The President issued on July 29 Executive Order No. 69 requiring aliens charged before the Deportation Board with collaboration with the enemy to file bond for their appearance.

On July 30, the Cabinet approved the purchase by the Government of 60% of the stock of the Manila Gas Corporation as a service essential to meet the public needs. The Cabinet also approved the payment under certain conditions of deposits made in the Postal Savings Bank by depositors who had lost their bank-books.

Three million four hundred thousand pesos was set aside to open as many additional classes in elementary schools throughout the country as possible. This amount is to be supplemented by funds that may be gathered by parent-teacher associations.

Twenty-five thousand pesos was willed by the late D. C. Chuan to the Philippine Government to be spent for the education of deserving sons and daughters of dead and disabled Filipino veterans of World War II.

Executive Order No. 70 was issued on July 29 declaring civilian volunteers who were members of recognized guerrilla units as having the equivalent training of those who have completed trainee-instruction and as constituting members of the Philippine Army reserve units.

The office of the President issued a "Statement Showing the Collections Reported During the Month of May, 1947, and those from July 1, 1946, to May 31, 1947, the latter period as compared with July 1, 1945, to May 31, 1946." (See Table)

Architect Juan M. Arellano was designated by the President to head a mission of Filipino architects to North, South, and Central America to study different types of architectural design in connection with the plans for the Philippine Capitol and the University of the Philippines.

An agreement was signed on August 4, between C. W. Lee, General Manager, Philippine Consolidated Shipyards, and Amado V. Hernandez, representing the striking laborers of Engineer Island. According to the agreement the strike was to be declared closed and the Philippine Consolidated Shipyards was to rehire around 2,200 men.

On August 4, the Office of the President announced that the capital stock of the Manila Gas Corporation would be increased to ₱2,500,000, of which ₱1,500,000 will be subscribed by the Government. Of the ₱1,500,000, ₱840,000 will be covered by bonds of the Manila Gas Corporation held by the Agricultural and Industrial Bank and will be converted into shares of stock of the Gas Corporation.

Proclamation No. 31 fixing August 16, 1947, as the date for the inauguration of Rizal City was issued on August 4.

The customs collections for the fiscal years 1946 and 1947 were reported on August 6, by Secretary of Finance Miguel Cuaderno, Sr. as follows:

July 1, 1945, to June 30, 1946.....	₱ 5,026,585.37
July 1, 1946, to June 30, 1947.....	22,515,000.72

The Office of the President announced that ₱40,000,000 for the reconstruction of government buildings was declared available by the War Damage Commission on August 8.

The full membership of the Architects' mission was announced on August 8: Juan M. Arellano, chairman, and Juan F. Nakpil, Antonio Kayanan, Antonio Toledo, members.

Two hundred nineteen tractors of various kinds were announced as available for sale at Guiuan, Samar, on August 8.

President Roxas received from James M. Henderson, Administrator of the Philippine Alien Property Administration, two valuable lots with buildings in the City of Manila. One of the lots is situated on P. Paredes Street, valued at ₱228,000. The other is on Arlegui, valued at ₱100,000. The two pieces of property were turned over to the Philippine Government for a token payment of ₱2.

Executive Order No. 74 issued on August 12, prescribes that physical and medical examination be required of proposed appointees to the unclassified service and government boards, agencies, and instrumentalities.

Proclamation No. 32 (August 12) reserved for lumber-production purposes a parcel of the public domain in the municipality of Nasipit, Agusan, Mindanao.

On August 12, President Roxas designated the Cebu Landing Field as a national airport by virtue of Executive Order No. 75.

Executive Order No. 31 creating the Shipping Commission was amended by Executive Order No. 76 to increase the membership to five.

The President mobilized all the relief agencies of the government to aid flood sufferers on August 10 and 11.

The Radio Broadcasting Board to supervise and carry on the activities of the KZFM, the government radio station, was established by Executive Order No. 73, issued on August 12. The station will specialize in cultural and educational broadcasts.

The President declared on the second anniversary of V-J Day, August 14:

"The economic rehabilitation of the Philippines is being retarded due to our inability to secure needed credit facilities and the capital goods required for the rebuilding of the industries destroyed by the war. Construction materials for homes and factories are also very scarce but we are doing much with the little we have. The people are working and hoping and striving for better things and for a better life. . .

"American-Filipino relations are cordial and happy. I am sure they will remain so. Recently we have entered into a treaty with the United States for the establishment of American military and naval bases in the Philippines for the mutual defense of our two countries. This arrangement, I am certain, will prove effective in insuring the security of our nation.

"Filipinos value the friendship of the United States and are deeply grateful for the assistance they are receiving from America. The Americans in the Philippines are working shoulder to shoulder with the Filipinos to retrieve from the ruins of our country the broken struc-

ture of its economic and social systems. The Filipinos have recaptured the voice and substance of democracy which the barbarians have sought in vain to subdue for four long years."

Proclamation No. 30 (July 30)-declared the second Saturday of September of each year as Arbor Day and created committees to direct the observance.

The Secretary of Justice issued Circular No. 128 on August 12, permitting aliens in the Philippines to purchase private real property.

On August 14 the President sent the following radiogram to the Governor General of India at New Delhi: "Excellency: On this memorable occasion, the Government and people of the Philippines join me in extending my most cordial felicitations and sincere wishes for the success of the new Dominion." He sent similar messages to Pandit Jawarhal Nehru and to the Governor General of Pakistan.

**STATEMENT SHOWING THE COLLECTIONS REPORTED DURING THE MONTH OF MAY, 1947,
AND THOSE FROM JULY 1, 1946, TO MAY 31, 1947, THE LATTER PERIOD
AS COMPARED WITH JULY 1, 1945, TO MAY 31, 1946.**

Source of Income	May, 1947	July 1, 1946 to May 31, 1947	July 1, 1945 to May 31, 1946	Increase or (Decrease)
EXCISE TAXES—				
Domestic	P 1,255,957.45	P 9,671,280.72	P 6,490,387.05	P 3,180,893.67
Imported	4,657,143.16	39,239,835.80	14,339,397.81	24,900,437.99
TOTAL EXCISE TAXES	5,913,100.61	48,911,116.52	20,829,784.86	28,081,331.66
License, business, and occupation taxes	1,368,818.73	55,566,052.95	12,216,823.87	43,349,229.08
Franchise Tax	33,895.42	696,474.58	239,331.97	457,142.61
Documentary stamp tax	310,405.89	2,791,211.08	690,147.91	2,101,063.17
Income tax	11,276,840.12	18,841,854.54	6,843,305.20	11,998,549.34
War-profit tax	58,124.27	118,738.86	—	118,738.86
Estate, inheritance, and gift taxes	76,080.13	1,656,976.46	375,115.93	1,283,860.53
Residence tax	217,574.10	2,459,400.61	778,542.48	1,680,858.13
Revenue from public forests	161,619.40	1,323,356.57	121,628.05	1,201,728.52
Rental of water power	—	1,684.55	54.00	1,630.55
TOTAL REVENUE FROM TAXATION	19,416,458.67	132,368,866.72	42,094,734.27	90,274,132.45
Incidental revenue	81,467.51	982,287.03	366,703.43	615,583.60
Earnings and other credits	6,842.77	10,302.86	57,850.97	(47,548.11)
SPECIAL FUNDS:				
Highway special funds (Taxes and penalties)	2,789,784.61	24,964,492.85	290,402.86	24,674,089.99
Radio registration fees (Taxes and penalties)	12,585.93	103,837.44	26,590.95	77,246.49
Tobacco inspection fees (Taxes and penalties)	5,765.32	38,158.33	19,313.38	18,844.95
National Parks (Taxes and penalties)	2,282.56	11,773.28	—	11,773.28
TOTAL SPECIAL FUNDS	2,810,418.42	25,118,261.90	336,307.19	24,781,954.71
Collections accruing entirely to provinces and municipalities (Taxes and penalties)	7,637.20	122,183.32	21,679.09	100,504.23
GRAND TOTAL	22,322,924.57	158,601,901.83	42,877,274.95	115,724,626.88

DISTRIBUTION OF COLLECTION

	May, 1947	July 1, 1946 to May 31, 1947	July 1, 1945 to May 31, 1946	Increase or (Decrease)
To the National Government	P 19,043,966.59	P 122,943,604.53	P 41,085,898.75	P 81,857,705.78
To the Highway Special Fund	2,789,784.61	24,964,492.85	290,402.86	24,674,089.99
To the Provincial Governments	355,054.63	8,783,676.69	941,156.23	7,842,520.46
To the Municipal Governments	80,563.39	985,308.04	418,526.01	566,781.03
To the Chartered Cities	32,921.54	771,050.67	95,319.77	675,730.90
To the Radio Broadcasting Fund	12,585.93	103,837.44	26,590.95	77,246.49
To the Tobacco Inspection Fund	5,765.32	38,158.33	19,313.38	18,844.95
To the National Park Fund	2,282.56	11,773.28	—	11,773.28
GRAND TOTAL	P 22,322,924.57	P 158,601,901.83	P 42,877,274.95	P 115,724,626.88

Banking and Finance

By C. V. GRANT

Sub-manager, National City Bank of New York

IN accordance with the Philippine-American Joint Finance Commission's recommendation that the Philippine Government adopt a managed monetary system in which monetary authority and responsibility would rest in a central bank, President Roxas by Executive Order has appointed a board headed by Secretary of Finance Cuaderno as a Central Bank Council.

The Executive Order specifies that the functions of the Council will be:

1. To prepare recommendations of the necessary changes in the monetary law and define the organization, purposes, and functions of the central bank.

2. To draft the new monetary and central banking laws in accordance with the principles set forth in its recommendations.

3. To organize a division of economic and statistical research which would immediately begin to set up statistical measures which the central bank must have to intelligently control credit.

The Beyster Commission which has been in the Philippines for several months has issued its report and has proposed the creation of an economic council with broad and extensive powers over all phases of Philippine industry. While it is understood that this report will serve as the Government's master blue-print for an extensive industrialization program, the recommendations of the Philippine-American Joint Finance Commission must be incorporated in the over-all plan in order to convert the economy of the country from an agricultural to an industrial one.

During this and the next three years, it is estimated that the United States Government will pour into the Philippine economy at least \$300,000,000 a year. Although the Armed Forces will spend considerably less than in the years 1945-1946, disbursements by the War Damage Commission, Veterans' Offices, and Public Works will make up the difference. Estimates of exports during the same period are at the rate of \$225,000,000 yearly.

Against an estimated yearly inflow of foreign exchange of at least the equivalent of \$525,000,000 a year, it is predicted that imports, which registered an all-time high of \$340,000,000 last year, will average through 1950 at not over \$250/275,000,000 yearly, thus leaving a surplus of at least \$250,000,000 in foreign exchange assets available for use in the Government's long-term rehabilitation program.

Note circulation at the end of July was ₱733,000,000, up ₱17,000,000 from June 30, due to the transfer of \$10,000,000 to the Treasury Certificate Fund representing proceeds of part of the United States loan to the Philippine Government.

The customary comparative figures of assets and liabilities of banks for the last two months still are unavailable at the Bureau of Banking.

Credit

By DUNCAN BURN

Association of Credit Men, Inc. (P.I.)

DURING the past month there has been little noticeable change in local business transactions relative to the extension and use of credit. As noted last month in this column there has been here since the war but limited use and little need of credit. In many lines credit is still not widely sought or used. To a large extent consumers still have cash and there is still sufficient immediate demand for most consumer goods to make credit of little importance. In some few groups of commodities

there has been noted a gradual increasing in the extension of credit by importers and in the request for credit by consumers.

Thus far, credit extensions have been in most instances limited by firms to old and well known clients. Extension has been more conservative, in general, than before the war. Present circumstances are such that firms can readily limit credit-limits, while at the same time consumers are prepared to accept readily such limits. Current conditions allow for business houses to obtain experience, starting from small limits and gradually increasing. Such a condition has not frequently existed heretofore, and under these conditions the reestablishing of credit-lines can and should be undertaken in a more considered manner.

In the Philippines there is now offered an opportunity which has not previously existed for most business firms. It is, in effect, a situation wherein importers and merchants are making a new start, and virtually all clients and consumers are at the same time making a new start. It is in many ways a situation which offers definite advantages, and it is to be hoped that creditors and clients alike will take advantage of the opportunities presented and so handle the extension and use of credit as to prepare sound and sensible basis for a healthy development of credit throughout all phases of business in the country.

Stock Market

July 16 to August 15, 1947

By A. C. HALL

A. C. Hall & Company

THE confused position in regard to the free gold situation has been the principal market factor during the month under review. Early in the month, demand for gold shares was stimulated by the Secretary of the Treasury's statement that the American Government would not make any attempt to stop premium transactions in gold by United States refiners. This was followed almost immediately by action in Washington and London to stop premium sales of gold. Official steps were also taken here to restrict exports at prices above \$35 an ounce.

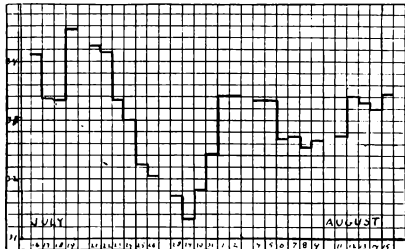
In consequence of this situation, prices of the leading mining issues have see-sawed back and forth during the month in sympathy with press reports. As measured by our Mining-share average, a high for the period was reached on July 19 at 34.53; the low point occurred on July 29 at 31.33, followed by a recovery to 33.45 on August 15.

Whatever the final outcome on the gold-price situation will be, there is no doubt that today many people believe that the precious metal is greatly undervalued at its official price of US\$35 an ounce. An example of this is that local buyers have recently paid US\$50 an ounce for fine gold.

Actually the position is that either gold is too cheap, or everything else is too dear, which is the reverse of what occurred during the great depression. Historically, this is not new; with the passage of time a more equitable relationship will be restored between gold and commodity values.

Fluctuations in individual issues were somewhat mixed. Atok at ₱1 and Big Wedge at ₱1.06 were off 4 and 10 points respectively. Mindanao Mother Lode however continued well-bought for investment purposes, and closed the month, up two points, at ₱.76. This stock has been the best performer during the past three months in anticipation of the resumption of milling which actually occurred a few days ago. The Company is the third important producer to recommence in the post-war period. Lepanto Consolidated was another firm issue, closing at 34, up three points.

In unlisted mining issues, some 13,000 shares of Balatoc



Manila Mining Shares Averages for the period from July 16 to August 15.

MANILA STOCK EXCHANGE LISTED MINING SHARES
July 16 to August 15, 1947

	TOTAL SALES	HIGH	LOW	CLOSE	CHANGE
Acoje Mining Company	146,000	P. 27	P. 24	P. 24	Off .01
Antamok Goldfields					.022 bid unchanged
Atok Gold Mining Company	98,967	1.04	.96	1.00	off .04
Bagoio Gold Mining	15,000	.05	.05	.05	off .01
Batang-Buhay Gold Mines	1,790,000	.008	.0066	.007	off .001
Big Wedge Mining Company	37,492	1.14	1.00	1.06	off .10
Coco Grove, Inc.	87,000	.032	.025	.025	unchanged
Consolidated Mines, Inc.	7,682,000	.013	.011	.012	off .001
I.X.L. Mining Company	103,000	.085	.075	.08	unchanged up .03
Lepanto Consolidated	436,000	.355	.305	.34	up .01
Masbate Consolidated	210,000	.0475	.04	.04	off .01
Mindanao Mother Lode Mines	537,700	.79	.68	.76	Up .02
Paracale Gumaus	15,800	.10	.07	.07	off .02
San Mauricio Mining	180,000	.25	.205	.23	up .02
Surigao Consolidated	522,729	.29	.22	.275	up .025

changed hands between P4 and P3.90, closing at the latter figure; Itogon was unchanged at 7 centavos on a volume of 105,000 shares; and a small lot of Suyoc was reported at 3 centavos. United Paracale was in demand and advanced to 10 centavos on a total turnover of 121,000 shares.

In over-the-counter dealings, Benguet was in good demand with opening sales at P4.35, a high of P4.65, a low of P3.90, closing at P4.10, on a total turnover of 32,000 shares.

Far East Oil was very active with dealings totalling almost 1,200,000 shares. The stock opened at 64, the high was 70, the low 54, closing at 58.

In the commercial and industrial section of listed stocks, trading was moderately active at slightly improved prices on the whole. Small sales of Bank of the Philippine Islands were made at P72, and Filipinas Compañia de Seguros at P21. Manila Wine Merchants were done at P4.50 ex-dividend, and about 10,000 Pambuscus changed hands from 1.54 to 1.75 cum-dividend, closing at 1.50 ex-dividend of 10%. Philippine Racing Club were moderately active, trading between 1.12 and 1.16, closing at 1.14, San Miguel Brewery shares were temporarily suspended from trading as from July 31, pending registration of its new stock with the Securities and Exchange Commission. Before this occurred, however, the stock continued into new high ground, with last recorded sales at P777 on a turnover of 245 shares. The Company has declared a stock-dividend of 75% and is reducing the par value from P75 to P10 per share, the ratio between the old and the new stock now being 1 to 13. On July 30, buyers were bidding P60 for the new stock.

Sugar shares were in some demand at slightly better prices. The following business was reported: Bais, 10 shares at P675; Carlotas, 150 shares from P92 to P95 earlier in the month, but the stock closed at P110 bid; Pasudecos, 125 shares at P21; Tarlacs, 38 shares at P55; and Victorias, 850 shares at P110. In the unlisted section, 44 shares Bacolod Murcia were reported at P10, and 587 shares Talisay-Silay at the same price.

Unlisted commercial stocks were inactive. Reported in this section during the period were various small lots of Jai Alai, totalling about 500 shares, at P17; a small lot of Manila Yellow Taxi Cab at P20; and 5,000 shares Manila Jockey Club at P3.

Insurance

By ARTHUR H. HENDERSON

Vice-President, American International Underwriters for the Philippines, Inc.

Mr. R. L. Stewart, Manila manager of the Union Insurance Society of Canton, Ltd., and also Chairman of the Manila Marine Insurance Association, gave an interesting address on conditions at the Manila piers at a recent meeting of marine insurance underwriters.

Mr. Stewart informed those present that at a recent meeting of the Arrastre Advisory Committee, Mr. C. Parsons, Acting General Manager of the Manila Terminal Company, had given the meeting to understand that losses of cargo through pillaging were still very serious, although there was improvement from six months ago; had emphasized the difficulties of suppressing the evils on the waterfront; and had mentioned proposed ways and means of dealing with them.

"It can be truthfully said that the Manila pier conditions have been very unsatisfactory for over two years now," continued Mr. Stewart. "Due to abnormal conditions in 1945 and during the first part of 1946, little else could be expected; but I think all underwriters will agree with me that the conditions have lasted too long and that their continuance on anything resembling the present ratio of losses, is going to result in unhappy experiences for themselves. You will note that rates tend to go lower while the loss-risk potential remains more or less static."

"The question is what are we going to do. Approaches to the Terminal Company bring the answer that they are doing everything possible. That, however, is not enough. The committee of the Manila Marine Insurance Association, which has ventilated this matter at some length, feels that an approach should be made to high authority."

"His Excellency the President has shown interest in an aspect of fire-insurance losses, and there is no reason to suppose he would not be interested in the loss-of-cargo situation at the piers and in considering means of avoiding this deplorable economic wastage. By economic loss of cargo I do not always mean loss by thievery, but also by bad handling, careless stacking, exposure to the elements, and other causes. With food shortages so critical in many countries the wastage seen on the Manila piers is to be condemned."

"As regards thievery, it appears that all over the world people have learned to help themselves to others' property and will continue to do so as long as it is cheaper and easier to steal than to buy."

"The committee of the Manila Marine Insurance Association feels that if any complacency existed, the time for it is past and that direct action should be initiated. You will have seen in the press recently, the statement made by Mr. Parsons of the Manila Terminal Company, to the effect that over six million pesos of claims were filed against the Terminal. That figure, I think, falls short of the total. I read no editorial comment or correspondence concerning this, and the news-item appears to have been accepted generally as something quite unimportant."

"My own experience and that of other underwriters is that claims, substantial ones as well as small ones, on 1945 and early 1946 shipments, are now being reported for the first time. At the moment nobody knows his outstanding losses.

"Heavy losses still occur and it seems that well-organized gangs are operating and that a good deal of connivance must exist," concluded Mr. Stewart.

Fire losses in the Manila Area for the month of July, 1947, as reported by the Manila Fire Department show a material decrease in their frequency and the value of property destroyed.

FIRE LOSSES IN THE MANILA AREA JANUARY TO JULY, 1947

1947	Number of fires		Losses		
	Within city limits	Outside city limits	Buildings	Contents	Total
January.....	60	6	₱ 42,700	₱ 48,878	₱ 91,578
February.....	71	3	114,615	1,171,433	1,286,048
March.....	88	11	280,874	1,918,200	2,199,074
April.....	73	4	497,443	1,228,304	1,725,747
May.....	45	4	173,402	588,660	762,062
June.....	63	4	67,302	579,974	647,276
July.....	33	2	129,593	192,160	321,663
	433	31	₱1,305,839	₱5,727,609	₱7,033,448

It would appear that the more stringent underwriting policy of underwriters may have had a salutary effect.

Electric Power Production

(Manila Electric Company System)

By J. F. COTTON

Treasurer, Manila Electric Company

1941 Average—15,316,000 KWH

	1947		1946	
	Kilowatt Hours	Kilowatt Hours	Kilowatt Hours	Kilowatt Hours
January.....	17,543,000	9,286,000		
February.....	17,503,000	8,778,000		
March.....	20,140,000	10,122,000		
April.....	19,601,000	9,849,000		
May.....	19,241,000	11,132,000		
June.....	17,898,000	11,432,000		
July.....	22,593,000*	12,333,000		
August.....	23,500,000**	14,411,000		
September.....		15,018,000		
October.....		16,787,000		
November.....		15,767,000		
December.....		17,984,000		

*Revised

**Partially estimated

Electric production in August continued to increase sharply. Output in August, 1947, was greater than August, 1946, by 9,089,000 KWH or 63.1%, and 907,000 KWH or 4% greater than July, 1947.

COMPARATIVE STATEMENT OF REAL ESTATE SALES IN MANILA

Prepared by the Bureau of the Census and Statistics

Note: A large percentage of 1945 sales and a diminishing percentage of 1946 sales, represent Japanese Occupation transactions not recorded until after liberation.

	1940	1941	1945	1946	1947
January.....	₱ 6,004,145	₱ 962,970	₱ 7,943,605	₱ 4,385,011	₱ 6,030,012
February.....	918,873	779,783	1,337,830	2,267,151	7,217,317
March.....	1,415,245	1,532,104	(?)	2,622,190	7,166,866
April.....	883,207	988,380	213,262	1,916,293	8,611,076
May.....	403,866	1,129,736	962,908	3,684,937	4,618,181
June.....	542,137	598,431	1,212,780	3,637,956	3,988,560
July.....	1,324,861	559,742	1,123,565	4,974,862	
August.....	1,905,828	1,239,414	699,740	4,438,510	
September.....	1,141,114	815,112	1,870,670	4,690,896	
October.....	993,103	1,182,678	2,096,893	5,545,800	
November.....	936,416	858,235	2,555,472	3,340,382	
December.....	1,504,004	(?)	2,874,408	4,025,926	
TOTAL.....	₱17,974,844	₱10,647,285	₱22,890,133	₱45,537,914	₱37,632,012

City Planning

By LOUIS P. CROFT

Acting Director, Urban Planning Commission

THE traffic problem of Manila is that of the 1947 streamline automobile trying to negotiate 1847 streets.

The menacing growth of this problem was recognized by several agencies before the war and some attempts were made to remedy the conditions.

The Major Thoroughfares Plan of Manila, prepared by the Planning Office with the cooperation of the Bureau of Public Works, the City Engineer, and the Traffic Division, offers a general framework for the mass transportation of the Metropolitan Area of Manila and the region which it serves.

If the Major Thoroughfares Plan were in operation today the present bottlenecks of Rosario, Plaza Santa Cruz, Aviles, and Legarda streets would have been eliminated. The bridge at the mouth of the Pasig River would be carrying the great load of traffic from one port area to the other. Boulevards along the banks of the River would offer freeways and limited-access heavy traffic routes into the heart of the City.

But the Major Thoroughfares Plan is not in operation and can not be until Jones Bridge, Quezon Bridge, the bridge at the mouth of the River, and another bridge near the present railroad bridge are functioning. Meanwhile, Manila will have to suffer a tremendous loss of time, money, and nervous energy in the tangle of traffic which must go on until the bridges are constructed.

Several government agencies, the Philippine Safety Council, American Chamber of Commerce, Rotary Club, and Women's Clubs have bestirred themselves on the deplorable traffic in Manila. Several solutions have evolved.

The Traffic Division has several schemes in operation to alleviate the jumble. Any improvement will help. It is hoped that since the bridges cannot be rebuilt for approximately two years, that a Bailey bridge be placed at the mouth of the River to serve the two ports, and another one at Nagtahan. There the heavy traffic of the now improved Santa Mesa Boulevard could be diverted across the River into Otis and Isaac Peral, rather than further cram the already over-loaded and narrow Legarda and Aviles streets.

Real Estate

By C. M. HOSKINS

C. M. Hoskins & Co., Inc., Realtors

WHILE land prices in Manila continue firm, there is a slight drop noted on the price buyers are willing to pay for improvements. This is attributed to the substantial drop in the cost of lumber and a slight drop in wages in the building trades.

Mortgage money is not as abundant as it was a year ago. The principal sources of mortgage funds have been savings banks, insurance companies, and the government-owned Rehabilitation Finance Corporation. The investment funds of the domestic insurance companies are almost all placed, and while premium payments and mortgage repayments are replenishing these funds, the amount is inadequate to local needs. The few domestic banks which invest their savings-department funds in mortgage loans, consider that

their mortgage portfolios have approached prudent limits. RFC has recently limited its mortgage loans to home-owners' needs. Private capitalists who before the war were large investors in mortgages have been more interested in commercial ventures during the past two years, or in outright purchases. As institutional loans have been available at 6 and 7% interest, private investors have not been interested.

Subdivision sales in established subdivisions continue active, especially for small lots on the instalment plan.

Construction

By H. H. KEYS
Architect

SHORTAGE of structural steel in local stock or expected in the near future, is causing a great deal of difficulty to contractors in furnishing estimates where structural steel is called for. The building public seems to be showing more interest in its use than was shown pre-war.

Several projects requiring structural steel have been bid on, but in some cases the owners have not made their decision. This necessitates holding that much steel in reserve pending decision.

Some quotations are being asked for from the United States through local representatives of the steel companies. Where this occurs, plans and specifications are sent to the United States, and the quotation sent out here. With the amount of work in the mills at home, the quotation frequently takes considerable time. Also with the great demands for steel in America, the small projects here are comparatively unimportant. When there will be an appreciable relief in the situation is hard to say.

There seems to be considerable carelessness on the part of some of the American manufacturers in their shipping. Frequently material arrives minus some important part. This means that the whole shipment may be worthless to the builder until the missing parts arrive.

Delivery dates are also still much of a gamble. Dates promised on receipt of order and actual dates of shipment, are often very far apart. The excuses offered, if any, are as a rule very good, but they do not help the contractor in completing his work.

In view of the Escalator Clause in most quotations for buildings, many contracts are being let on the basis of cost plus a percentage, or cost plus a fixed fee. Where the contractor is required to bid a fixed sum he naturally raises in price, in the hope that he has foreseen possible increases in cost of imported material.

It is not my intention to be pessimistic but merely to tell of some of the conditions faced by architects and contractors. I realize that other businesses are also having their troubles.

But despite all the difficulties facing it, the public shows a desire to build.

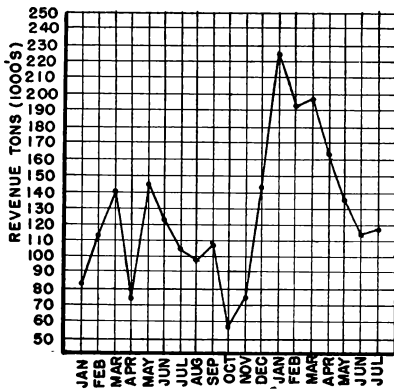
Port of Manila

By H. W. TRUS
Luzon Stevedoring Company, Inc.

THIS month, with the final figures on import tonnages handled in the Port for June and July now available, it becomes possible to revise our table and graph which appeared in the July issue of the *Journal*.

It will be noted that imports in June dropped to 115,441.63 tons, a decrease of 20,111.65 tons from the figure for May, 1947, of 135,553.28 tons. The import figure for July rose slightly to 118,156.98 tons, which is no really significant increase. The continued fall in import tonnage is a reflection of the situation well known to all importers

REVENUE TONNAGE HANDED PORT OF MANILA January, 1946—July, 1947



1946:

January	82,303.76
February	111,048.26
March	140,659.13
April	74,115.56
May	143,128.83
June	121,780.80
July	103,998.57
August	99,244.86
September	109,035.76
October	56,356.80
November	75,956.55
December	141,421.10

1947:

January	227,354.05
February	191,489.12
March	195,461.70
April	162,447.49
May	135,553.28
June	115,441.63
July	118,156.98

TOTAL..... 2,404,954.23

Arithmetical Average for Nineteen Months..... (126,576.54)

and traders in imported goods; the market continues to be glutted with imported foodstuffs and luxury items which resulted in decreased prices and, to some extent, real consumer-resistance to paying prices, though these in many cases, are only commensurate to the landed costs of the goods—purchased in the United States in an inflationary wholesale market and subjected to high insurance and freight rates.

Coupled with the above situation is the lack of availability in the United States of materials critically needed for rehabilitation construction, which either must be purchased at high prices or are subject to extremely limited United States export-licenses. Examples are pipe, steel, building-hardware, and bathroom fixtures.

Heavy electrical equipment and new machinery are, because of shortages of materials in the United States, obtainable only on delivery bases ranging from three and four months to three or four years, with several manufacturers unwilling to give any sort of indication of delivery,

Inter-Island Shipping

D. M. CAMERON

Everett Steamship Corporation

For the future, it is of course true that every improvement in the facilities of the Port, such as those indicated in the August issue of the *Journal* in this column, will by speeding up cargo handling and dispatch, cut down the expense now felt in getting merchandise from the ships to the consumer. An example is the paving of streets in the South Harbor area. With the exception of Thirteenth Street, the present access-streets to the piers are in such condition that wear and tear on tires and trucks, coupled with damage to cargo and slow turn-around of trucks, increases measurably the cost of truck-operation in the Port and places a correspondingly higher burden on goods landed.

However, as it will be some months, very likely, before the bottleneck in needed construction-materials will ease appreciably, and many more before actual improvements in cargo-handling facilities will make themselves felt, the forecast indicated in the last recapitulation in the July column would seem to continue to be valid. It was felt then that the tendency would be for import tonnages to drop below the average line, set at 127,726.80 tons, to about 90,000 tons, but finally levelling off for sometime to come in the vicinity of 120,000 tons. The drop in the June figure to 115,441.63 tons and the scarcely perceptible rise in the July figure to 118,156.98 tons, has already pulled the average line down to 126,576.54 tons, a loss of 1,150.26 tons from our previous average of 127,726.80, which seems to bear out our eventual 120,000 tons for the average month.

We hope from time to time to present this recapitulation of tonnages both as a matter of historical importance and as a basis for future planning for the Port.

Ocean Shipping

By F. M. GISPERT

Secretary, Associated Steamship Lines

Total cargo exported from the Philippines to all destinations for the first half of this year only amounted to 702,820 manifest tons, which leaves a long way to go to catch up with pre-war years. Total exports for the corresponding month of 1939, for example, were 1,749,314 tons.

The number of sailings during the period under review totaled 385 divided amongst carriers as follows:

	Sailings	Cargo	Percentage
American	177	354,049	50.38
British	49	57,479	8.18
Canadian	2	9,100	1.29
Chinese	6	134	.02
Danish	24	54,182	7.71
Dutch	20	12,246	1.74
Filipino	28	34,055	4.93
Honduras	4	6,354	.90
Norwegian	44	108,095	15.38
Swedish	27	52,976	7.54
Panamanian	3	9,000	1.28
French	1	4,550	.65

Chief commodities shipped during this period as compared with 1939 figures for the same period are as follows, in manifest tons:

	UNITED STATES		ORIENT		EUROPE		OTHER DESTINATIONS	
	1947	1939	1947	1939	1947	1939	1947	1939
Cigars	—	3,437	13	131	26	134	—	72
Desiccated Coconut	18,369	32,665	—	—	—	—	—	—
Coconut Oil	6,481	83,342	—	342	1,881	281	—	998
Copra	271,280	92,763	2,500	1,098	149,771	67,504	24,142	1,055
Copra Cake, Meal	—	25,348	—	7	14,451	29,066	780	—
Hemp (Bales)	275,199	163,409	8,465	131,513	94,608	332,646	2,490	35,899
Logs and Lumber (Board feet)	143,955	11,511,344	—	39,506,088	—	3,456,535	—	2,746,253
Ores	92,039	29,116	—	527,545	—	5,441	—	—
Rope	473	1,315	—	899	43	61	218	2,118
Tobacco	439	—	—	828	2,253	8,022	64	853
Sugar	—	576,251	—	—	—	—	—	—

INTER-ISLAND shipping is slowly reestablishing the regular pattern prevailing pre-war as against the U. S. Maritime Commission operation from August, 1945, to the present.

As reported last month, all of the smaller F. S.-type vessels were redelivered early in the year by the U. S. Maritime Commission to the Philippine Shipping Commission and delivered to purchasers, most of whom are new operators. Some of these new operators are combining their schedules to provide frequent service and reduce administrative and terminal costs, but many are operating only one or two vessels which generally proves uneconomical. The long-awaited approval of the U. S. Maritime Commission of bare-boat charters to pre-war operators under the terms of the Philippine Rehabilitation Act, has been handed down, and two companies, Compania Maritima and Philippine Steam Navigation Company (Everett Steamship Corporation, operators), have been assigned vessels. Compania Maritima will operate the M.V. *Snug Hitch*, M.V. *Masthead Knot* and the S.S. *Geo. Tucker*. Schedules announced are Cebu and Davao, Mindanao and Tacloban. Everett will operate the M.V. *Boatswain Hitch*, S.S. *Northern Wanderer*, S.S. *Northern Hawker*, S.S. *William Nott* and S.S. *Charles McDonnell*. These vessels will be operated on regular weekly or bi-weekly schedules to Aparri; to Tacloban and Surigao; to Cebu, Dumaguete, Zamboanga, Cotabato, and Jolo; and to Tobacco and Legaspi. A number of vessels have been delivered under bare-boat charter and it is expected that all assigned will be delivered the end of August.

The M.V. *Marlinspike Hitch* will continue to be operated by Everett for the U. S. Maritime Commission and the M.V. *Bowline Knot* and S.S. *Esther Johnston* by the American President Lines until the charter applications of Manila Steamship and De La Rama are approved.

The private operation now possible permits the serving of meals to third-class passengers, which was not done under government operation, and certain other facilities normally expected in the trade.

While certain of the operators view the high cost of operation with some concern, it is believed that with careful operation, these vessels which are not suited to the trade either in design or size, can be operated at a profit.

It is certain that the shipping and traveling public will benefit from the increased facilities and services inaugurated by each operator in order to increase his carryings.

Air Transportation

By V. A. BRUSSOLO

Vice-President, Philippine Air Lines

THE month has witnessed the inauguration of Philippine Air Lines service to the large surplus base of Guiuan, Samar, and traffic along this new route has been reported steady. In general, however, the rainy season has bogged down airline operations, with airports in Dansalan and Jolo temporarily closed. The unusually heavy loads of the summer months have eased down to the bare break-even point for airlines in domestic service.

The decreased activity on the Philippine scene, however, has given local airlines the needed time to concentrate on their overseas service.

Philippine Air Lines has just been granted American CAB permit to fly the trans-Pacific route on regular schedules. Meanwhile, the sixth PAL flight to Madrid, Spain, via Calcutta, Karachi, Cairo, and Rome is now under way. This route has been reported heavy in both passenger and air-express traffic.

In connection with the flying of airmail to intermediary points between Manila and San Francisco, Philippine Air Lines has made vigorous representations with the Philippine Department of Foreign Affairs relative to the bilateral air agreement between the Philippines and the United States. By this agreement, any American airline may fly mail to any intermediate point on the trans-Pacific route, whereas Philippine Air Lines or any other airline of Philippine registry may not do so.

Meanwhile, the Philippine Government has taken definite steps towards the enhancement of the Philippines as the most important point along Far Eastern air lanes. President Roxas has approved a plan for the creation of an international airport designed to be the largest and most

modern in the Far East and comparable to the world's best. The choice of sites is a toss-up between Nichols Field and Makati Airport, both situated on the southern outskirts of Manila. One important factor, which was brought into play during the recent flood in the Manila area, is the fact that Nichols Field, being on low ground, was under water. Moreover, Nichols Field, experts point out, is too close to Manila Bay.

An aeronautics commission headed by Mr. Pio Pedrosa is making a close survey of the situation. This commission is further studying the advisability of incorporating the Bureau of Aeronautics under the Department of Public Works and Communications.

Gold

By CHAS. A. MITKE

Consulting Mining Engineer

THE gold situation still continues to trouble producers, sellers, and foreign governments, which are sorely put to it to find sufficient dollars with which to pay for their exports from the United States.

On August 11, the U. S. Treasury Department started hearings on proposed amendments to the Gold Reserve Act of 1934. The amendments would (1) limit exportation of gold for industrial, professional, and artistic purposes; (2) prohibit the export of bar gold; (3) prohibit the exportation of gold refined from imported gold-bearing material.

Robert Stewart, President of the South American Development Company, who presented the producers' case in the first public hearings in Washington, said that "it is out of all reason to believe that gold is still worth \$35 an ounce" despite the fact that "prices and taxes are up".

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In order to conform with the request of the International Monetary Fund, the Philippine Government ordered cancellation of all export licenses for gold which it is believed may have been sold at prices above \$35 an ounce. A close watch is being kept to see that no shipments find their way to foreign countries.

The monetary authorities apparently do not wish to return to the gold standard. At the same time, they refuse to treat gold as a commodity and permit it to find its own level, following the law of supply and demand, as is the case with other commodities.

Recently, a block of newly mined gold, said to be one-half of the July production of Big Wedge, was sold in Manila at \$47 an ounce, indicating that some people still have faith in the future of gold.

Gold is in great demand in China. As is always the case when circulating currency falls under suspicion, people turn to "hard money" as the only safe thing.

John Abbink, Chairman of the National Foreign Trade Council (U.S.) and President of McGraw-Hill International Corporation, a large American publishing house for technical books, in a recent address, entitled "Iron-Curtain Issues in World Trade", has the following to say about gold:

"I have a growing conviction that it is time for the United States to begin serious consideration of the free coinage and circulation of gold. Every trading nation of the world, with the important exception of Russia, wants its currency to have a high, stable value in international markets as a means of stimulating foreign trade. The problem of today is not, as it may have been in the thirties, one of too little money, but rather that of too much 'soft' money. Other currencies are now tied to the dollar as they were once tied to sterling; get the dollar itself back on gold, and a 'hard' money standard will be re-established.

"Even with rigid trade and exchange curbs, most other countries have maintained some semblance of stability in value for their currencies only with United States assistance. If and when the well of our credit runs dry, the world-wide devaluation-race we witnessed a decade ago might easily be repeated.

"Once the dollar were again coined in gold and circulated internationally, new gold wherever situated, would add dollar for dollar to the world supply of United States exchange available for the purchase of commodities here or elsewhere. Additional gold production would be encouraged, with a corresponding increase in dollar resources, and the path toward world trade recovery and currency stabilization be indicated, and the task of International monetary and credit agencies eased.

"I am neither competent nor disposed to elaborate the issue here, excepting to point out that a move so dramatic as the re-establishment of gold would confound and discredit the international apostles of communism overnight. It would divert world thinking from an economic system based on bars—which Russia wants—to a system based on values, which I embrace as my own. Many have expressed surprise and disappointment that Russia has withheld adherence to the International Bank and the Monetary Fund. Why should Russia cooperate in a system she pretends to abhor, so long as we make concession after concession to Soviet economic theories, and permit Moscow's gold meanwhile to trickle into foreign black markets at prices ranging up to \$100 per ounce.

"Russia vies with the United States for world political leadership with some success, because the science of semantics is not an exact one; words—"democracy" for instance—can be assigned various meanings in translation. She struggles with us for economic supremacy because, in a world of "soft" currencies, there is no norm, and values are easily distorted; and she is quite content to permit us to cuddle the phrase "moral leadership", which is an empty one in her lexicon and that of her disciples.

"Whether we like it or not, let's face the fact that as a nation we are in the midst of a world struggle, politically, economically, and morally, with communism. We are at a disadvantage, politically, because the meaning of words can be twisted; we must, therefore, emphasize our economic strength to overcome that handicap."

In commenting on the above speech, the editor of the journal in which it was re-published, said: "Only a year ago, the opinion of most economists was that the day of reckoning over 'funny money' policies could be delayed by foreign dollar balances and by the World Bank and Fund for some such period as five years. It now appears that in this fast-moving world, the necessity of going through the 'wringer' is much nearer." The gold miner seems due to get an economic benefit."

Gold is reported to be selling at \$56 an ounce in Chile. Merrill E. Shoup, President of the Golden Cycle Corpora-

tion, Colorado's largest gold mining and milling company, says statistics prepared for the industry show that all the gold mined in the United States could be moved now at \$60 an ounce if a free market for gold prevailed. "Gold is now selling in the free markets of the world at prices ranging upward to \$100 an ounce", Shoup said. "Yet, we have only one market for gold produced in the United States, that's the Government, which buys the output of our gold mines at \$35 an ounce."

Lumber

By E. C. VON KAUFFMANN

President, Philippine Lumber Producers' Association

SINCE President Roxas established ceiling prices for lumber, effective July 15, 1947, the local market has gradually declined, with the result that retail prices are now far below ceiling prices.

Producers are going through a very strenuous period. At the present prices they are barely covering expenses and many are losing on their operation. Costs of operation can not be lowered in the near future. Added to that is the uncertainty of obtaining freight-space to bring the lumber to Manila, which aggravates the producers' situation. Shipping companies are often reluctant in taking on a cargo of lumber. At the Shipowners' Association rates, which are supposed to be in force, taking on a lumber cargo is not a paying proposition for ship operators. Freight rates as high as P40 a thousand board feet are being paid for out-of-schedule calls. Small operators who are working on very limited capital find themselves compelled to dump their lumber on this market at any price, and buyers are taking advantage of this situation which directly affects other producers' sales.

Producers have in the past addressed several petitions to the President to permit the exportation of lumber. So far only logs and fitches have been allowed to go out, and only a very small percentage is being exported. Now permission to export cut lumber would be welcomed by producers. It would help them substantially in their operation and assure the local market of a continuous supply of Manila grade lumber, as otherwise, if present conditions continue, with local prices remaining below ceiling level, many more would be compelled to shut down and a consequent shortage would follow.

Reconstruction is going on at a slow pace and lumber arrivals into Manila average well over 10 million board feet a month. There is an estimated 25 million board feet of lumber in Manila dealers' yards. In order to absorb all the lumber arriving into Manila, an estimated P1,500,000 of new buildings a month would have to be built. The actual rate of constructions is far below this.

Copra and Coconut Oil

By MANUEL IGUAL

General Manager, El Dorado Trading Company, Inc.

AND KENNETH B. DAY

President, Philippine Refining Company

July 15 to August 15

AS anticipated in our last report covering the market up to July 15, prices for the period from July 16 to August 15, fluctuated within narrow limits.

On July 16, copra sales were reported to Europe at \$140 and later at \$137.50, but on improved competitive demand, prices firmed up gradually to a high of \$145 f.o.b. by the 31st of the month with a good amount of business registered at the various stages of the advance. For some time, it has been noted that European buyers in general,

and those countries with large allocations in particular, are becoming better organized in their buying, and, instead of purchasing large quantities in one operation as they did early in the year, the procedure has been to buy not more than one or two parcels of 1,000 tons each at a time, endeavoring to buy at a lower level if selling interest continued. France, with the largest European quota, more or less set the pace and endeavored to bring European equivalents more in line with the prevailing United States quotations. Other European buyers, who came sporadically into the picture, not being so well posted on the general situation and not having as good shipping facilities, paid slightly more than France.

The relative strength of the Philippine copra market in July was in the expectation that export copra controls might be lifted, and, while eventually advices were received that these controls were being extended until next year, the expected effect upon prices was delayed because of the sustained demand from all quarters.

There were a number of salient factors worth recording, the main ones being:

On July 21 it was definitely announced that in spite of the considerable pressure brought to bear to release all controls, it was thought advisable to retain export controls on oils and fats until next year.

On July 22 reports were received that the IEFCA had set aside the equivalent of 15,000 tons in terms of oil for ex-quota purposes. This meant that 25,000 tons of copra will be available for non-IEFCA-member nations, or for member countries whose quotas might have been exhausted. While the quantity involved is relatively small, nevertheless it imparted a rather bullish feeling to sellers.

A large volume of business was done to Europe between July 16 and July 31, and, despite the relative weakness of the American market at the beginning of this period, not less than 30,000 tons of copra was sold to European

destinations at prices ranging from \$137.50 to \$145 f.o.b.

On July 29 the London stock market broke badly on reports of the rapid dissipation of the American loan, and this affected the American stock and commodity markets. While the stock market recovered materially the following days, the trend of prices between August 1 and 15 was just about the opposite from that of the previous fortnight. During the first days of August, a good volume was sold to India at the equivalent of about \$146 f.o.b., but, at the same time small sales were reported daily to France, first at \$140, but subsequently at \$138 and \$137.50. While at this stage ex-quota claimants were reported interested at \$145, their demand was so narrow that suppliers who wanted to sell had to be content in accepting \$136 and eventually \$135 f.o.b., at which level the market closed on the 15th.

Insofar as the American market was concerned, for the first few days of the second half of July, Pacific Coast buyers held their prices at \$140 to \$142.50 c.i.f., with very limited business passing. From the 23rd onwards, however, these buyers, convinced that there was sufficient demand from Europe to absorb any surplus offerings, found it necessary to improve their ideas to \$145, and later bought at as high as \$147.50 and \$150 c.i.f., Pacific Coast, which marked the high point for the period. New York buyers were also in the market during this period, and a moderate amount of business was done at a differential of \$6 to \$6.50 higher than Pacific Coast, which is the approximate relative equivalent.

August opened with sellers offering rather heavily at \$150 c.i.f., and sales recorded at \$147.50. Gradually the market eased off, and at the close of this period, buyers' ideas were quoted at \$140, although there was still the possibility of crushers accepting offers at \$142.50 c.i.f., Pacific Coast.

As for the coconut oil market, volume sales at 11-1/4¢

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j.o.b. tank cars Pacific Coast were recorded on the 16th of July for August/October deliveries, and while, immediately after, buyers withdrew because of weakness in lard, further sales were later recorded at 11-1/4¢. Toward the end of July, there was a slight improvement, doubtless as a result of strength in copra, and sales were reported at 11-1/2¢ f.o.b. cars Pacific Coast for forward positions, and 11-3/4¢ for nearby. By the end of July, oil buyers lost interest for deliveries October forward, and at the beginning of August, on reports that the new crop of cottonseed oil was offered at a discount of 2¢ per pound for forward and 3¢ for far forward deliveries, as contrasted with the current prevailing prices for old crop, large coconut-oil buyers more or less withdrew and the market gradually declined. After registering small sales at 11-1/8¢, oil buyers again withdrew, and sellers, realizing probable difficulties on the part of the copra trade in continuing to sell in volume to Europe, which would force sellers to turn to America for the disposition of their supplies, lowered their prices in anticipation of copra selling-pressure, and after moderate sales at 11¢, this period closed with buyers bidding 10-1/2¢, although no sales were reported at this price.

It is worthy of record that some 200 tons of oil were sold to Europe in drums during the first half of August, at a price of 15-1/2¢ per pound f.o.b. vessel.

Copra exports during July, while much better than during June, nevertheless can be considered as disappointing. Total exports were given as 57,000 long tons, of which 26,750 went to United States destinations, 1000 to Canada, 23,400 to Europe, 4,000 to Japan, and 1,800 tons to North Africa.

In Manila, the local copra market was all but unchanged throughout the period at very nearly P25 per 100 kilos. Copra was in better supply, and buyers with adequate stocks were not forced to push the market. Coconut oil found buying resistance at 60 centavos per kilo, and gradually declined to 55 centavos with sellers more anxious than buyers.

There was a certain amount of sporadic interest in copra cake for Europe, with offerings working out at \$68 to \$70 per ton f.o.b. for expeller cake.

With the heavy copra season in full swing, it was possible to revise once more copra prospects for the coming months, which indicated a somewhat larger exportable surplus than previously estimated. It was anticipated that additional IIEFC allocations and equalizations would soon be issued to keep pace with production. It was, however, becoming more and more evident that the European financial situation was heading toward a crisis, which, unless avoided, must result in curtailed copra-buying by European countries whose dollar balances were fast dwindling. In view of the ample supplies offering, such a situation would, of course, result in increased dependence of Philippine copra on the already well supplied and unenthusiastic American market, and, barring the unexpected, this should point to an easier situation.

Desiccated Coconut

By HOWARD R. HICK

President and General Manager

Peter Paul Philippine Corporation

THE following report covers the calendar month of July, 1947: During the period, the supply of raw material was plentiful and prices for nuts were directly in line with equivalent copra quotations.

The great demand for desiccated coconut in the United States continues to stimulate production in the Philippines, to the extent that several of the present producers are planning expansion of their manufacturing facilities. Also, several local business interests are surveying the possibilities

of entering this field of business.

Franklin Baker Company is putting the finishing touches to their factory buildings. The installation of the new power-equipment, when completed, will soon put the Company in a position to equal its pre-war capacity. Blue Bar Coconut Products Company has also increased its facilities so that, soon, it will be nearing pre-war capacity.

It is interesting to note that post-war plans of practically all desiccated coconut manufacturers include many more labor-saving devices than existed pre-war. This is due to the need to minimize manufacturing costs, and came at a time, when, because of rebuilding or rehabilitation, it was comparatively easy to make the changes without inconvenience to production or increasing capital-costs excessively.

SHIPPING STATISTICS OF MANUFACTURERS OF DESICCATED COCONUT FOR MONTH OF JULY

Blue Bar Coconut Products Co.	1,220,200 lbs.
Canlubang Sugar Estate	Shipped by Franklin Baker Co.
Cooperative Coconut Products	Shipped by United Coconut Prod.
Franklin Baker Co.	816,000 lbs.
Marsman and Company, Inc.	270,100 lbs.
Peter Paul, Philippine Corp.	1,174,800 lbs.
Philippine Desiccated Co.	Shipped by Blue Bar Coco. Prod.
Red V Coconut Products	494,020 lbs.
Sun-Ripe Coconut Products	959,000 lbs.
United Coconut Products, Inc.	50,000 lbs.

Manila Hemp

By MURRAY COOK

International Harvester Company of the Philippines

DURING July, the Manila hemp market started out on a firm note in Davao—opening at about P40 for DA/J1, and slowly advancing until some business was done at P45. Toward the latter part of the month, the lack of demand from United States buyers created a cautious attitude on the part of Philippine exporters. Prices slowly declined, and closed at about P41 per picul loose for DA/J1.

The non-Davao grades followed a similar pattern, but closed on a firmer note. Non-Davao J1 was still in fair demand by local exporters, at P34 to P35 per picul loose.

The usual export figures from the Department of Agriculture and Commerce Fiber Inspection Service for June were not available last month in time for the press. These figures are now on hand, and show a total of 68,754 bales of all grades exported from the Philippines during that month. This compares with the production figure of 74,677 bales. Production and export figures have just about been balancing, and indicate little or no accumulation of stocks in the country. Current production is being turned over promptly.

In a previous report, attention was called to the shift to lower grades of hemp by producers, at the sacrifice of the higher grades. Through the courtesy of the Fiber Inspection Service it is possible to make the following startling comparisons:

PRODUCTION OF NON-DAVAO HEMP

Bales of 126.5 kilos net

February — 1947

Junh — 1947

CD—	1,498	630
E—	2,333	840
F—	6,443	1,847
G—	2,361	6,135
H—	721	1,183
I—	6,890	2,577
J1—	6,090	6,354
S2—	4,218	2,820
S3—	1,146	1,075
J2—	1,709	7,607
K—	823	3,708
L1—	242	477
Total	34,474	35,253 bales

In the Davao area, Grade G replaced J1 as the leading grade during June. 9715 bales of G were produced against 8882 bales of J1.

The export figures for July are not yet available. Production figures for July as furnished by the Fiber Inspection Service show a total of 71,871 bales inspected, approved, and certified for the month. Of this amount, Davao continues to lead with a total of 31,434 bales. This brings the total production from January to July, 1947, to 453,455 bales—a remarkable post-war recovery. The quantity of F and I Davao increased percentagewise, while J2 and K Davao have shown a fairly large decline.

Sugar

By G. G. GORDON

Secretary-Treasurer, Philippine Sugar Association

THE Philippine Sugar Administration has set September 1, 1947, as the commencement-date of the 1947-48 crop-year.

The Philippine Sugar Association and the Confederation of Planters' Associations, supported by the Philippine Sugar Administration, have jointly recommended that the Government should allocate 100,000 short tons as the domestic consumption-quota for 1947-48, such to be released for sale at the rate of 25% weekly of all sugar milled by all the centrals until such time as the total quota of 100,000 tons has been reached, deducting from this figure any amount of sugar to be imported by the Government during the quota-year.

In view of the difficult circumstances under which the

sugar industry is now operating, it has been reliably reported that the Government has decided to waive the collection of the progressive taxes for the 1941-42 and 1946-47 crops and has also authorized the collection of the basic tax only on the sugar actually marketed from the 1941-42 crop.

The first shipment of fertilizer for the 1948-49 crop, consisting of 2,000 metric tons of ammonium sulphate, is expected to arrive on the SS *Mangalore* on or before September 10, 1947. The NATRA, which has been designated to take care of the distribution of the fertilizer, has allocated 1,500 metric tons for the centrals in the Visayas and 500 metric tons for those in Luzon.

The New York Sugar Exchange, after being closed for five years, reopened on July 1, 1947. Quotations during August were as follows:

	High	Low	Close
May.....	5.13	4.78	4.90
July.....	5.10	4.75	4.86
September.....	5.09	4.75	4.85

Total sales for the period August 5 to 29 amounted to 36,500 tons.

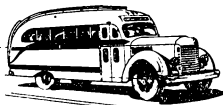
At the close of the month the exchange was narrow, without particular feature, but with a somewhat steadier undertone, closing prices being up 8 points over the previous week-end.

These quotations were made under contract No. 5, which calls for the delivery of Cuban sugar in licensed warehouse in New York in bond. To obtain the equivalent of exchange value of Philippine sugar, these figures should be adjusted by adding the amount of the Cuban duty, which is presently 75¢ per 100 lbs.

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Tobacco

By the CONDE DE CHURRUA

Compañía General de Tabacos de Filipinas

TOBACCO is one of the few products of the Philippines which could recover quickly from the war's ravages and return to its former standing if the money situation in the foreign markets were stabilized.

It is true that the production of tobacco has decreased considerably since the early thirties and that up to the last crop it has been falling steadily; the 1947 yield in the Cagayan Valley of less than 5 million kilos may be compared with the 12 to 15 million that used to be the average production in that region. The same is true of the Pangasinan, Union, and Visayan production, the principal cause for this reduction being that farmers have been able to grow other crops more profitably, with much less work. Bad weather has at times been another factor, but only a secondary one.

Prices have been going up steadily, and the farmers in the Cagayan Valley are now getting from ₱25 to ₱30 a quintal (46 kilos), against ₱17 to ₱20 which was last year's price.

There is a demand for tobacco for the local factories, as practically all are producing without adequate stocks, and all need to build them up so as to be able in the near future to prepare the blends which are so necessary for their products.

Foreign markets are very much interested in tobacco, the biggest buyer being Spain which in 1946 and 1947 bought over 5 million kilos of old and new crops.

France and French Morocco are also active buyers, but their lack of dollars is greater than that of Spain, so they can not buy the quantities of tobacco they need.

One of the most dangerous competitors of our tobacco in Spain are the Brazilian and Santo Domingo tobaccos

which were substituted for the Philippine leaf during the Japanese occupation. These tobaccos may be bought in many instances in sterling instead of dollars, which of course, is a great attraction for the Spanish buyers, as pounds are plentiful while the dollar is scarce.

The buying season is ending, and the highest bidders have been the Chinese merchants who, due to their peculiar and personal way of buying, their low overhead expenses, and their speculative instinct, have been able to obtain a big share of the crop, especially in the Pangasinan and Union provinces where they copped more than 80% of the production.

Farmers are satisfied because the prices are high, and this together with a good crop of rice and corn, which assures their living needs, and less money to be obtained from other sources, will probably make for the production of a substantially bigger crop next year.

Automobiles and Trucks

By J. L. MANNING

Manila Trading and Supply Company

BEST available figures indicate that the total number of motor vehicles registered and operating on the roads in the Philippines as of June 30, 1947, is 60,210. This figure represents a total of 21,966 cars and 38,244 trucks.

Although pre-war figures are not available, it is estimated that the total number of cars and trucks registered during the year 1941 up to December, 1941, was 56,000.

The figures, either pre-war or post-war, do not include United States Army equipment. It should be borne in mind, however, that a large portion of present registrations

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cover surplus Army and Navy equipment which will, no doubt, eventually be replaced by new current models of cars and trucks.

Because of the extreme shortage here of transportation facilities as a result of the war, American manufacturers and the United States Government have permitted a large quantity of export of automobiles and trucks to the Philippines in spite of great shortages in the United States.

Approximately 5,000 vehicles a year were exported to the Philippines on an average previous to the war, and it is probable that beginning in 1948 a similar quantity will be absorbed on this market, representing a slight increase each year in the net total of registrations and the bulk being sold to replace vehicles going off the market.

Motor transportation facilities in the Philippines have been more than replaced if the year 1941 can be taken as normal.

Food Products

By C. G. HERDMAN

Marsman Trading Corporation

LOCAL market on imported food products has improved considerably during the past month. The overstocks on flour previously existing have cleared up to the point where dealers in general are again placing orders for early shipment, and in fact have placed orders to the full extent of the export allotment granted by the United States Government for this territory.

The other main item of imported foodstuffs, canned milk, is likewise showing improvement. There are still comparatively large stocks of the lesser known brands which continue to be sold at prices ranging from 25% to 50% below landed cost. Stocks of the better known brands, however, have cleared up to a great extent, and prices have firmed to the point where importers can make a nominal profit. This is particularly true of the small-sized tins of evaporated milk on which there is an actual shortage in the market.

The same condition exists on sweetened condensed milk. There are very large stocks of little-known brands which continue to move only at prices well below cost, but on the other hand the best-known brand is selling freely at prices which yield distributors a very handsome profit. Powdered milk continues to move very slowly and overstocks are quite large.

Stocks of canned fish which were in considerable excess for the last many months have now largely entered into consumption due to the increased demand existing at this time of the year when fresh fish is in scarce supply. The sardine catch on the California coast is reported as being very disappointing in quantity, and according to reports from California, the pack this year is again expected to be far below normal and prospects are that present high prices will continue and possibly increase. Also, it is quite probable that it will not be possible to secure sufficient supplies to cover normal requirements of this market for the coming year.

There have been fair-sized importations of canned meats, but stocks are still insufficient to fill the local demand. Due probably to increased costs of feed in the United States, the cost of canned meats continues to increase and supplies are limited in volume. Canned fruits and vegetables in general are still in excess of local requirements and continue to be sold at a loss by importers, most of whom are forcing sales hoping to dispose of present stocks before the new pack from California becomes available, as all indications are that there will be a considerable exportable surplus of this commodity from the United States this fall and strong possibility of falling prices.

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On miscellaneous imported food items the market continues to be heavily overstocked. Fresh fruits and vegetables have been arriving in very good quantities from the United States, and orders placed to arrive during the next couple of months indicate that there will be no shortage locally of this item. Costs as compared with other foodstuffs from the United States are very reasonable, and they are being retailed in Manila at comparatively low prices to consumers.

It seems probable that present improvement in the local market will steadily increase for the next few months, and reports indicate that supplies in practically all foods from the United States will be available in larger quantities than was previously the case.

Textiles

By JAMES TRAYNOR

THE improvement noted during June in the local textile market continued throughout July. The off-take during July was good and estimates indicate sales were far greater than arrivals. Some large importers report their arrivals during July were sold on or before arrival. Importers' stocks are low and consist mainly of qualities which are not in great demand or "seasonal" qualities which they expect to sell later on in the year.

Arrivals during July from the United States were estimated to be about 5% less than in June, which probably makes July's arrivals the smallest this year.

The New York market held during July with some increases noted. New orders with American mills during July were large and would have been even larger if mills could have accepted more business for shipment this year. American mills have sold their production well into the

first quarter of 1948 and local importers generally refuse to commit themselves so far ahead.

Business was placed with Shanghai mills because of the high value of the peso as against the Chinese dollar. The volume of this business is hard to estimate but is considered to be large.

Legislation and Court Decisions

By ROBERT JANDA

Ross, Selph, Carrascoso & Janda

THE Congress of the Philippines has not been in session during the past month and there is no new legislation to require comment.

There have been no published decisions of the Supreme Court or the Court of Appeals of particular interest to the business community.

Attention is invited to the following executive and administrative Orders and acts:

Executive Order No. 58, designating the National Development Company as the agency to accept bids and to enter into contracts with successful bidders for the collection of scrap iron, steel, copper, etc.

Executive Order No. 59, extending the period of registration and deposit of emergency currency under the provisions of Republic Act No. 22.

Executive Order No. 60, designating the Philippine National Bank as fiscal agent of the Republic of the Philippines in the United States.

Executive Order No. 62, regulating rentals for houses and lots of residential buildings. This order declares any rents other than for commercial or industrial purposes, except rooms of a hotel or of lots for construction of residential buildings, to be unlawful if in excess of 12% per annum of the assessed value of the property. Written leases of property assessed at over P50,000 which have been reported to the Office of the Mayor under existing law, are excluded from the operation of the order.

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Executive Order No. 65 permitting export of logs under certain conditions.

Executive Order No. 66 fixing ceiling prices on lumber.

Executive Order No. 81 creating the Central Bank Council to draft legislation and lay the ground-work necessary to the establishment of a Central Bank.

Administrative Order No. 38, setting up a Real Property Board to attend to the various problems involving private real estate arising from the planning of the City of Manila by the National Urban Planning Commission.

Commerce Administrative Order No. 2, prescribing regulations governing the affixing of price-tags or labels to all articles of commerce offered for sale.

Department of Justice Circular No. 128 directs Registers of deeds to register (1) all instruments by which private real property is mortgaged in favor of any individual or entity, regardless of citizenship, where the loan does not exceed five years renewable for another five; and (2) all deeds of private residential, commercial, industrial or other urban land to an alien, who is not an enemy national (holding such lands are not "private agricultural land" within the meaning of Section 5, Article XIII of the Constitution); and (3) during the effectivity of the U.S.-Philippine commercial treaty, and pursuant to the Parity Amendment, to treat American citizens and corporations owned or controlled by them, as having the same rights to acquire all classes of lands as Philippine citizens and corporations controlled by them.

The Proposed Rules of Practice for the Philippine Patent office are being circulated for comment.

Philippine Government Corporations

From an Official Source

THE Reorganization Committee, which has been discussing various proposals with the Cabinet, has recommended that the Philippine Relief and Rehabilitation Administration, the National Trading Corporation, and the purchasing department of the National Cooperatives Administration be fused and reorganized under the name, "The Philippine Relief and Trade Rehabilitation Administration". The Cabinet at first was against the inclusion of relief functions in the proposed new organization, but it was pointed out that the United Nations Relief and Rehabilitation Administration (UNRRA) had designated the PRRA to handle relief work in the Philippines and was insisting that PRRA continue to handle this until the UNRRA terminates its activities here.

The Metropolitan Transportation Company (Metran), organized shortly after liberation to take care of immediate transportation needs in Manila and operating under the Department of Public Works, has been recommended transferred to the Manila Railroad. METRAN is showing an operation loss, but those who are in favor of continuing it under the Public Works Department claim that the problem is principally one of adjustment. However, though competition in the transportation field is keener now than it was, METRAN is unable to retrench by laying off employees, one of its specified functions being to give jobs to the unemployed.

Labor

From an Official Source

THE proposal of the Reorganization Committee to create a conciliation commission to smooth out differences between capital and labor and avert strikes, was received by the Cabinet without enthusiasm. President Roxas himself pointed out that a similar function was already being exercised by the existing Court of Industrial Relations.

Instead, the Cabinet has proposed a board of mediation, the mediators to be selected from among men of high repute to act in specific cases as they arose. The mediators

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COST OF LIVING INDEX OF A WAGE EARNER'S FAMILY IN MANILA

BY MONTH, 1945 TO MAY, 1947

Prepared by the Bureau of the Census and Statistics
1941=100

	All Items	Food (59.15) ¹	House Rent (8.42) ²	Clothing (0.62) ²	Fuel, Light and Water (13.94) ²	Miscel- laneous (17.86) ²
1945						
March	559.8	635.5	236.4	1695.2	237.1	674.4
April	598.8	702.1	236.4	1611.9	254.3	661.4
May	689.7	799.4	236.4	2041.5	380.7	734.8
June	745.8	872.7	236.4	1860.8	410.8	788.7
July	751.5	886.9	236.4	1664.2	393.4	794.1
August	724.7	848.5	236.4	1484.5	397.6	774.3
September	708.4	852.4	236.4	1034.0	367.7	709.1
October	735.3	937.8	236.4	1045.1	466.1	499.5
November	747.8	955.8	236.4	1017.0	480.2	499.9
December	669.4	852.7	236.4	1030.3	401.9	463.0
1946						
January	603.4	759.2	236.4	984.0	363.8	434.8
February	547.2	656.3	236.4	940.3	369.5	460.7
March	525.9	631.0	236.4	940.1	340.4	445.2
April	556.2	684.1	236.4	910.3	345.5	435.9
May	545.1	675.6	236.4	762.5	342.3	409.6
June	538.7	666.4	236.4	737.9	343.3	404.2
July	552.7	704.3	236.4	598.9	341.3	364.6
August	477.9	590.0	236.4	384.7	320.9	346.3
September	477.9	591.3	236.4	378.7	314.5	347.2
October	487.4	587.2	236.4	382.7	405.8	342.7
November	484.8	607.8	236.4	406.4	346.5	305.2
December	461.9	570.8	236.4	371.9	344.7	302.1
1947¹						
January	394.1	468.2	236.4	381.9	326.2	282.5
February	389.5	454.9	236.4	356.3	344.8	281.4
March	378.6	440.1	236.4	295.2	334.7	279.4
April	360.3	413.3	236.4	269.2	328.3	271.6
May	354.2	404.4	236.4	250.9	325.4	269.4
June	358.6	414.4	236.4	236.8	316.6	268.6
July	364.1	426.8	236.4	217.7	309.3	269.9
August	358.0	419.8	236.4	210.2	292.0	269.1

¹ Weekly average only
² Weights

would sit with an official of the Department of Labor, who would preside, and there would also be a permanent staff which would conduct the necessary investigations; this staff would also regularly inspect the books of labor organization.

Other Chambers of Commerce

Chamber of Commerce of the Philippines

THE annual general meeting of this year was the longest in the history of the Chamber. It started at 10:20 a.m. and lasted until 4:30 p.m. But it did not end there.

It was merely adjourned, to be continued on another day. The continuation meeting was held August 17. At the first meeting, new directors were elected. Under the by-laws, four directors were to be elected, in lieu of the four who served for three years and who could not be reelected until the lapse of another year, but inasmuch as there were three vacancies created by the death of Mr. Gregorio Anonas, the resignation of Mr. Miguel Cuaderno, upon his elevation to the Cabinet as Secretary of Finance, and the prolonged absence of Mr. Manuel Elizalde, sick in the United States, seven directors were elected.

An attempt was made to suspend the statutory provision against the immediate reelection of the four outgoing directors, but it was vigorously opposed, so as to pave the way for other members to be elected to the Board. Likewise, an attempt was made to prevent the use of proxies for election, but this was defeated on the ground that it would be illegal as against the Corporation Law. Out of the hotly contested election, the following were

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elected: Cornelio Balmaceda, Vicente Sabalvaro, Ramon J. Araneta, Eugenio Padua, (for three years), Castor P. Cruz, Jaime Hernandez, and Maximo C. Hernandez (for two years).

The meeting gave a vote of confidence to President Gil J. Puyat, in the United States as representative of the Chamber, a vote of thanks to the outgoing directors for the interest they have shown in the different activities of the Chamber during their incumbency, and also a vote of thanks to Acting President Dr. Salvador Araneta for the able manner he had steered discussions, for his fairness, calmness, and satisfactory way in which he had conducted the rather tempestuous general meeting:

An important resolution was adopted at the initiative of President Araneta. To impress on the visiting American publishers and editors, who on a tour of the Far East as guests of the War Department visited Manila for about four days early this month, our appreciation of the policy followed by some American manufacturers of placing the development of their business in the Philippines in the hands of Filipino representatives and distributors, so that when they go back to the United States they will be talking of this appreciation, thereby convincing other manufacturers in the United States who have no agencies here to designate Filipino representatives. Dr. Araneta suggested that a supplement with cooperative advertisement to be sponsored by Filipino importers who have agencies here and agencies of insurance companies, be published in several newspapers upon the arrival of these American publishers. This was done and several leading dailies carried the supplement.

The continuation of the general meeting, held the 17th of August approved the report of activities of the Board for the period 1946-1947 (August, 1946, to July, 1947), took up several amendments to the by-laws, accepted a suggestion that a sign of membership to be displayed by members in their place of business or office be adopted, so that members may know each other—details to be decided by the new Board,—and of a symbolic pin for members: entertained the suggestion that a canal from Laguna de Bay to the Pacific Ocean be constructed as a solution to the recurrent floods and an effective aid to our external trade, and recommended to the Board to make representations with the President of the Philippines for the creation of an Appellate Board of Taxes.

The organization of the CIDECO, Commercial and Industrial Development Corporation, the successor of the CCP Syndicate, by President Gil J. Puyat and Directors Lino Gutierrez, Ramon J. Araneta, Aurelio Periquet, Mateo F. Occaña, and Cornelio Balmaceda, the group in the Syndicate pushing through the project, was thrown into the lap of the Chamber proper, by the resolution that the CIDECO, in process of organization, be organized under the auspices of the Chamber, and that a Committee be created composed of 15 members, including the above mentioned original organizers, to study the corporation papers, by-laws, and other pertinent papers. The additional members voted upon are Vicente Sabalvaro, Macario Calayag, Francisco Genato, P. Cadsawan, Teodoro Briones, Jose Palarca, Cirilo Mapa, Antonio Sanchez, and Lucio Ildelfonso.

At the request of the Department of Foreign Affairs, the Chamber submitted five names of businessmen who were willing to join the Philippine Trade Mission to Japan. The names recommended by the Board were the following: Lino Gutierrez, Ramon Pagaduan of L. R. Aguinaldo, Inc., Juan C. Alabastro, President of the Filipino Hardware Association, S. Lorenzana of Lorenzana & Sons, Inc., and Carlos Fernandez, for lumber. All were selected, except Mr. Alabastro, to give way to Dr. Gregorio Lim of

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Kayumanggi Enterprises. With Dr. Mabbun, Secretary-Treasurer of the National Cooperatives Administration, the party emplaned for Tokyo minus Mr. Gutierrez, who was substituted by Mr. Enrique Santamaria, representing the Roberto Laperal business enterprises.

The Board endorsed the suggestion of the San Francisco Chamber of Commerce that the Consular Invoice and Separate Certificate of Origin Forms be consolidated into one document. There is nothing to lose and everything to gain. It would result in a great deal of saving of clerical and stenographic work and avoid duplication of information now required by the preparation of two separate documents, and it would be very helpful in the speeding up of trade between the two countries. Both the Department of Foreign Affairs and the Customs Service were petitioned to this effect.

The different Committees of the Chamber are chaired by Directors. The line-up follows: Agriculture and Natural Resources—Mr. Mariano Salazar, Chairman; Banking and Financial Institutions—Mr. Castor P. Cruz; Commerce—Mr. Lino Gutierrez, Chairman; Committee for Practical Cooperative Between Businessmen—Mr. Ramon J. Araneta, Chairman; Industry and Manufacture—Mr. Vicente Sabalvaro, Chairman; Labor—Mr. Mariano Salazar, Chairman; Taxation and Legislation—Mr. Jaime Hernandez, Chairman; Public Utilities—Mr. Eugenio Padua, Chairman; Ways and Means—Mr. Maximo C. Hernandez, Chairman; Publicity and Organization of Provincial Chapters—Mr. Cornelio Balmaceda, Chairman.

The Foreign Trade Committee and a Special Committee on the Joint Philippine-American Finance Mission Report is headed by Acting President S. Araneta.

A Special Committee to discuss and study provisions that should be included in treaties of Commerce and Navigation the Philippines will have to conclude with foreign

countries in the future, was created. This important Committee is headed by Dean Conrado Benitez, with Messrs. Eliseo Hervas of the De la Rama Steamship Company, Attorney Macario Calayag, Aurelio Montinola, of Amon Trading Corporation, Cornelio Balmaceda of C. J. Gonzales & Co., Jose P. Fernandez, President, Nasipit Lumber Co., Vice-President, Compañia Maritima, and Jose M. Cajucom, representing the Elizalde enterprises.

By PEDRO J. OCAMPO, Secretary

Manila Chamber of Commerce

THE Manila Chamber of Commerce reassembled on 13th of June, 1945, for the first time after liberation.

The following member firms were represented: Messrs. Dy Buncio & Co.; Hanson, Orth & Stevenson; Ed. Keller & Co.; Ker & Co.; Kuenzle & Streiff; Manila Wine Merchants, Inc.; Menzi & Co.; and Wise & Co., Inc. The Chamber was then reorganized on a strict "austerity" basis, and has so continued up to date. We have at present 52 member firms.

Now that business has settled down to where members can see, with some degree of assurance, where they are going, it is hoped to get the Manila Chamber of Commerce on to a footing comparable with that on which it stood up to December, 1941. The Chamber is at present in correspondence with Mr. T. H. Harrington, who so ably acted as permanent Secretary before the war, and very much hopes that he will be able again to take up that position in the course of the next few months.

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Philippine Chinese General Chamber of Commerce

AMONG the ten thousand Chinese nationals in the Philippines killed by the Japanese during the occupation were officials of the Philippine Chinese General Chamber of Commerce. The Chamber itself suffered heavily in leaders lost and property destroyed as a result of war. Consequently, the rehabilitation of the association has been slow.

Shortly after the occupation of Manila by the enemy in January, 1942, almost all officials and board members were arrested along with the entire staff of the Chinese Consulate General. The four Chamber officials who died either during their imprisonment, or as a result of their incarceration, were Cham Samco, head of the big hardware firm bearing his name, P. P. Goheco, Wong Ning, and Ng Su Tam. Eleven other members of the boards and committees were executed by the Japanese Kempei-tai. They were Tan Bok Teng, J. Lidio, Ng Lian Poh, Chua Pai Kiong, So Chai An, Sy Kao Kee, Lee Hok Sin, and Yu E. Tong. Don Alfonso Z. SyCip, President of the Chamber, was himself imprisoned. I was able to escape and remain in hiding until the return of the Americans.

Reason for the action of the Japanese was the active support which the Chamber had given to Generalissimo Chiang Kai-shek in the war against the Nipponese invaders from the time of the invasion of China in July, 1937, to the outbreak of the Pacific war on December 8, 1941, when no more aid could be sent abroad.

In furniture, office equipment and other office supplies the Philippine Chinese General Chamber of Commerce incurred losses in the amount of around P50,000. Among the supplies lost were 24 typewriting machines, two mimeograph machines, a valuable set of old lacquer dating back from the Ching dynasty, together with the embroidered covers, and a 15-year collection of Chinese exhibits of various industrial products.

A war-loss survey conducted by this Chamber reveals that in Manila the Chinese suffered the loss of P123,414,000 and in the provinces P97,358,000, making a total loss of P220,772,000. The Chinese are not entitled to the war-damage payments which the Filipinos and Americans are getting from America.

During the entire occupation, the Chamber had no activity whatsoever, but five days after the entry of the liberation forces in Manila on February 3, 1945, leaders then in the city started to operate the organization. Dy Huan Chay served as acting president. He was ably assisted by Sy En and George Dee Se Kiat. Four days after, on February 12, I came down to Manila from the mountains and took an active part in the various emergency activities of the Chamber.

Disregarding the dangers arising from the continuous fighting in some sections of the capital, the Chamber extended invaluable services to the forces engaged in the task of recapturing the city from the enemy. The officials and members assisted in restoring peace and order, particularly in the Chinese section of the metropolis. They helped in recruiting laborers needed by the liberation forces and did many other things, besides, in alleviating human misery during those critical days and weeks.

Then on July 31, 1945, Chamber President Alfonso SyCip returned to Manila from Fuga Island where he and members of his family had been sensationally rescued by American troops. He immediately took over active leadership of the Chamber.

It is a recognized fact the Philippine Chinese General Chamber of Commerce helped in no small measure in the prosecution of the war. During the period of the occupation, money, food, clothing, and other supplies needed by the underground forces were contributed by Chamber

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officials and members, and no attempt is being made to ask for repayment. After the liberation, the organization volunteered its services to the CIC in apprehending Formosans brought over by the Japanese who were then at large. It also undertook to protect innocent Chinese from unscrupulous characters and bands.

The Chinese Chamber of Commerce urged its members to increase the supply of much-needed consumer goods by importing them from abroad, mainly from the United States. It also made the decision to help the Philippine Government combat the blackmarket, which undertaking later resulted in heavy losses to the importers because of the slump in prices that followed.

Although severely hit by the last war, like the rest of the business community, members of the Chamber immediately embarked upon the reestablishment of their enterprises without much delay. And the Chamber assisted in many ways toward the restoration of normal trade, obtaining temporary permits and securing materials needed for rebuilding.

Today the Philippine Chinese General Chamber of Commerce has resumed its peacetime function, serving the members and assuming its share in community enterprises. It contributes to numerous social and humanitarian movements without fanfare. In the economic rehabilitation and reconstruction of the Philippines, the Philippine Chinese General Chamber of Commerce has not failed the country which the officials and members have adopted as their home.

YANG SEPENG, *Executive Secretary*

Spanish Chamber of Commerce of the Philippines

THE Spanish Chamber of Commerce of the Philippines before 1900 was called the Royal Society of Friends of the Country (Real Sociedad de Amigos del Pais). Its first President was Don Segundino Mendezona. Later, the society was organized to adapt itself to the Royal Decree of July 12, 1922, which regulates the activities of Spanish chambers of commerce throughout the world.

In Spanish times when the society was first organized, its principal activities were dedicated to obtain for its members, who were mostly merchants, all possible data and information which might tend to increase commerce and economic interchange with countries interested in Philippine trade. Together with the Mother Country, Spain, relations with South America and Cuba were the most important. After 1898, the Chamber adapted its activities to the new situation, and some business men and enterprises not Spanish also became members. The Chamber established friendly relations with the United States and the Philippine Government, increasing its activities and at the same time keeping in close contact with the Spanish Consulate in order to have its members well informed on Spanish business affairs.

At present the Spanish Chamber of Commerce is continuing its activities as before World War II, in spite of present world-trade difficulties, helping its members and giving out information to business men in all parts of the world. The membership at present numbers 39. The officers are: Don Carmelo Lizarraga, President; Don Cosme de Churrua, Conde de Churrua, Vice-President;

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Don Enrique P. Litz, Treasurer; and Don Jose M. Rosales, Secretary. The directors are the Rev. Father Emeterio Izquierdo, Don Antonio Roxas, Don Antonio Campos Rueda, Don Gregorio Mañeru, and Don Joaquin Porta.

An interesting statistical point, is the fact that exports of Philippine products to Spain are bigger than imports from Spain. Formerly, Philippine exports to Spain amounted to from ₱7,000,000 to ₱10,000,000, and imports from Spain to only about ₱1,000,000. Concerning tobacco-leaf exports before the war, 80% was delivered to Spain. Copra exports were about 30,000 tons.

It was only in 1946 that the figures changed, and that exports to Spain were ₱624,000 while imports from Spain reached ₱2,000,000. But this was due only to the temporary post-war situation.

By J. M. ROSALES, *Secretary*

On the Proposed Central Bank

(Continued from page 147)

the banks by converting their excess reserves into earning assets. The establishment of the Central Bank will put an end to this uneconomic position of our banks and will permit them to invest their idle funds in government securities or other commercial paper, because the Central Bank, as the guardian of the credit system, will always come to their rescue when they need funds to meet their liabilities. The banks could easily borrow from the Central Bank upon pledge of government securities in their portfolios to provide for any and all possible demands for cash which under present conditions might threaten their solvency. The banks could therefore release an enormous amount of investment funds which would help the Government to meet seasonal treasury deficits.

As you must have noted, the Report of the Joint Commission covers practically every important phase of the national economy. It gives me great pleasure to acknowledge the invaluable contribution of the American Section whose members always made a scientific approach to their task and exhibited the utmost frankness and sincerity in the expression of their views on various controversial subjects considered by the Commission. I wish to impress upon those who entertain differing views from the conclusions and recommendations of the Commission that we arrived at them only after considering every possible angle of the problems involved in the numerous meetings and private conferences of the members and their advisers during the nearly six months that went into the making of the report. The report will be of great help in implementing important economic and financial policies in our effort to effectuate a rapid reconstruction and development of our young Republic.

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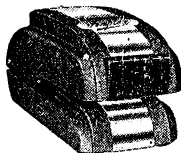
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The Metropolitan Water District

(Continued from page 144)

distribution system. They expressed the opinion that any repair in this aqueduct should now be accomplished by patching it from the inside and not from the outside as we were doing. In other words, the main should first be emptied; then daring workers sent inside the long, dark tube to look for the cracks and holes and patch them with a very rich cement-mortar. After the mortar was cured, which would require a few days more, would come the disinfection operations; finally, the main would gradually be filled until the normal pressure was re-established. In toto, about two weeks' time; about 80% of the system without water; a waste of several millions of gallons; besides requiring equipment which we do not have at present!

In addition to such engineering problems, we have others of a social and administrative character. Among them are: the demands of laborers for higher wages and more benefits and privileges; the lack of cooperation and hostile attitude of consumers of the poorer class who think that they are entitled to free water service; the high cost of materials and equipment; the lower income and increased expenses of the District; the low salaries and the lack of technical assistance; the misassignment and misplacement of personnel; the subordination of some of the powers and privileges of the management.

At the beginning of last year, a detailed report was prepared as to what improvements were needed to rehabilitate the Metropolitan Water District. The following paragraph is quoted:

"To rehabilitate the water and sewer systems, requires at least P10,400,000 and to further carry out its two 5-year plans entails a total sum of P32,000,000 in round figures. All in all, the Metropolitan Water District needs immediately some P42,400,000 in order that it may fully discharge the obligations imposed upon it by its Charter."

The present administration entertains very little hope of getting this huge amount of money, more than the total capital investment of the District. Deducting about P15,000,000, which amount was planned to be used for the improvement of the sewerage system, there still remains P17,000,000 which is solicited for the reconditioning of the waterworks system. We consider this sum still too big and quite beyond the paying-power of the District. The Metropolitan Water District has aged so suddenly that no one had noticed its precarious structural condition and the financial trend to absolute downfall, either as a public-utility organization or as a governmental institution.

The deficiencies are of such a magnitude that no one can deny that it will require more than money to deal with them satisfactorily, and the time factor, too, is most haras-



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sing from all angles. The deficiencies affect public health and sanitation, and deter the commitments of the Chief Executive relative to industrialization and prompt national rehabilitation.

As the writer sees it, there is one feasible way out of the predicament, and that is to take advantage of the plan to build a new capital city on a high place and not too far from Manila. If this project is carried out and financial help is obtained to construct a new supplementary water supply, then both problems, that of the new capital city and that of the present metropolitan area, could be combined in the interest of economy and simplicity. The prompt and economical remedy for the prevailing low pressure of the system now in operation, is a higher source of supply. The new capital city, located on higher ground, would require a new system, and it would be of great relief to the existing system if both were combined. An additional 15 or 20 pounds of water-pressure in our present distribution system would preclude the need of reconstructing the distribution-net in most areas.

This scheme is now under study. By the time the higher authorities render a decision on the location of the future capital city, we will be in a position to suggest methods of financing. In the meantime, the following projects

have been approved by the District Board, some of which are in the process of execution:

1. The return to the District of the Montalban system which was turned over to the central government for disposition.
2. The development of this system to supplement the water-supply of neighboring towns. The U. S. Public Health Service will construct a pilot water-purification plant for purposes of health education.
3. With reparation assets available in Japan to construct a small hydro-electric plant to help Balara Filters (a) to produce ferric chloride and use it as a coagulant to remove the impurities in the raw water; (b) to produce chlorine for the disinfection of filtered water; and (c) to lower cost of electricity.
4. Decentralize the administration of the District to twelve sub-districts for better contact with consumers and to be able to cope promptly with emergency cases and secure more effective control over areas served.
5. Adopt a monthly billing-service instead of quarterly.
6. A new scheme to supply the poor people with running water at the rate of 2 centavos a day.
7. Construction of a parallel aqueduct from Balara Filters to the San Juan Reservoir (already started).
8. A new pail-and-night-soil disposal system at the Azcarraga sewage-pumping station.
9. In combination with the office of "Soil Conservation Service", a project of reforestation and soil conservation for the Novaliches watershed.
10. Reorganization of the activities and personnel of the Metropolitan Water District.

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The "LET YOUR HAIR DOWN"

Column

ONE of the best, if indirect, of the comments made on the August issue of the *Journal*, was the decision of the Government upon the immediate construction of a number of temporary Bailey bridges across the Pasig, as advocated in the *Journal*, copies of which were delivered to Malacañan less than a week before the decision was taken. Obvious as the proposal was, it had not been made, publicly at least, anywhere else.

The Manila Daily *Bulletin* stated editorially:

"The President and whoever else is responsible for devising a [this] solution to the bridge problem has earned the personal and heartfelt thanks of every person who has to depend on local transportation."

Can anyone blame us for fitting this cap on our own head?

While on the subject of bridges, the following excerpt from the first law enacted by the American Government here regarding port works, is of interest. The excerpt was sent in to us by Attorney L. D. Lockwood, who, in his letter quoting it (from Act No. 22, October 15, 1900) followed it with a line of eloquent question-marks.

"Sec. 3. After the work provided for in section two shall have proceeded so far that connection of the new port by a bridge with the business portion of Manila shall be needed, the Chief Engineer, under the direction of the Military Governor, shall construct a suitable railroad, wagon, and passenger draw-bridge across the Pasig River, near its mouth, so as to interfere as little as possible with navigation. The Chief Engineer shall acquire, either by purchase or by appropriation in the manner provided by law, the necessary land, owned by the government of these Islands, for approaches and piers of the bridge. No purchase of lands herein directed shall be concluded until the title thereto shall be examined by the fiscal of the Supreme Court of the Philippine Islands and be

declared good and sufficient, and the terms of the purchase shall be approved by the Military Governor."

Some one interested in ancient history might undertake the research necessary to determine why the building of this bridge was not carried out as thus planned and ordered. Evidently, the need of it was early seen. Yet nearly fifty years have passed,—and much water, but not under *that* bridge. It is to be hoped that the Republic and President Roxas will do better.

The President of the Chamber, Mr. Frederic H. Stevens, received the following letter from Mr. A. D. Calhoun of the National City Bank of New York, with reference to his letter to a member of Congress on the double taxation issue, published in the August issue of the *Journal*:

"I want to thank you, though belatedly, for sending me a copy of your letter of July 24 addressed to Congressman Harold Knutson on the subject of the taxation of Americans in the Philippines. It is the most effective presentation of the case that I have seen to date, and this is no bouquet compliment, as I sincerely mean it."

Another prominent Manila said in a letter addressed to the editor:

"You have set a very high standard for your contributors and readers, and I wish you continued success."

An English friend of ours took to trouble to call up on the telephone to say that both the July and the August issues were "bloody marvelous".

In his calls on the members (he hasn't been able to get completely around yet), the editor found the *Journal* on many of the executives' desks and often they told him that they were finding it most useful in preparing reports for their home offices.

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ECHAGUE

Men from a number of member-firms have come to the *Journal* office to get an advance look at some of the columns published under "The Business View" heading.

A letter from Mrs. Soledad G. Collas, of the Employment and Counseling Department of the Young Women's Christian Association, informed the Chamber of plans to open soon on the Escolta a service center for business girls where they may go for a light lunch and a rest during the noon hours. The YWCA operated a similar center very successfully before the war. The organization is also planning to give a series of lectures to the girls on salesmanship (retail selling). An interesting feature of the course will be the assignment of students to go shopping at certain indicated stores, they to report later on the selling-technique met with and its good and bad points. Mrs. Collas was assured of the great interest of the Chamber in the proposed center and in any other plans the YWCA may have to help the working girls of the City.

"Admirer" with whom we had a little brush in this column last month, wrote in again, as follows:

"Sir: I have read your reply to my letter questioning your policy of having practically your entire *Journal* written by what I called interested persons, and I have noted your question as to whether I myself am wholly without personal interest.

"I might be the scion of a wealthy family of Manila proprietarios who has nothing to do but to draw a generous paternal allowance, or I might be an underpaid clerk who has nothing to sell except all the days of his life, but, sir, I am an observer and a philosopher. My interests are those of every man.

"I look about me and I see inequality and injustice, widespread poverty and misery, and again the threat of war. I see the exploitation of the weak by the strong; the poor by the rich. In the last analysis, this is all the inevitable result of the fact that our economic system is based on the private ownership of property (which should belong to all), and of the fact that this system is motivated only by the lust for private profit. There can be no permanent peace or any security and happiness until private and class interests are merged into the interests of the whole of humanity.

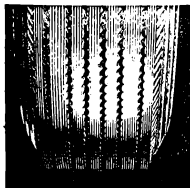
"That is why I deplore the existence of publications given over wholly to narrow business interests when there is so much truth that should be published and is not..."

This writer, for all his gift of language, is, we fear, a little cracked. The *Journal* is a technical publication, for men of business, just as there are other technical and class publications for doctors, lawyers, architects, engineers, lovers of art, the religious-minded, the philosophical, etc. The *Journal* is not published for the general reader and makes no pretense of general coverage. However, as for "narrow interests", meaning business interests, it would be well for the writer of that letter



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to grasp the fact that business interests take in, directly and indirectly, well near the whole of life. Just as all animal forms are built around the alimentary canal, as first in importance, so is human society built around its economic institutions.

The writer mixes all the fundamental sciences together,—biology, anthropology, sociology, economics, not to include political science and history, and draws out one little generalization,—that everything that is wrong with the world and with life is due to one institution which is all wrong, and one motive which is wholly evil. How wonderfully simple!

In the whole complex of humanity and its existence, he sees only two kinds of men, the weak and the strong; only two grades in economic status, the rich and the poor; only one social institution, the economic; only one motive, the lust for gain. He ignores all the other human drives to action; he overlooks the fact that besides private ownership, there are many other forms of ownership covering probably the greater portion of the world's wealth.

He appears to be blind to all that is good and just and beautiful in the tremendous achievement of humanity up to the present time. Everywhere he sees only selfish and hateful intent, not understanding that what the world is today is the product of centuries, ages, of slow development and growth, with which individual men, even the greatest and the most powerful, and whether good or bad, have little to do. For all his seemingly sympathetic heart, this young philosopher (for very young he must be), thinks envy and hate; he thinks destructively rather than constructively.

He fails entirely in understanding the great human constructive achievement incorporated in the established economic system. That this should be perfect, no man in his senses could demand; and that it is better than anything which either closet philosophers or irresponsible radicals might devise and force upon the world, were such a thing possible, should be clear to every thinking man.

The clear-sighted idealist will not fail to appreciate the good which has been achieved in the world and will not sacrifice what is real to fantasy. He will take the world and life for what it is, blind neither to the good nor the bad. He will align himself with all truly liberal and progressive forces in whatever field of endeavor he may find himself. With open mind and heart, working with his fellows, he will be full of courage and faith, believing in men and believing in life despite all manifest shortcomings.

And there is nothing in all that to preclude his own best self-interest. Men can not be expected to be self-immolating saints, and it would be a sad world if they were.

If we were to risk a simple but very comprehensive generalization of our own, we would say that all the higher things in human life are based on the wise utilization of surplus, surplus wealth and surplus time,—in other words, *profit*.

This is supposed to be a column in the lighter vein, and look what has happened to it! That last paragraph, though, might qualify. In fact, much of what these days passes for serious economic analysis and learned social and historical philosophizing, is nothing more than the rawest burlesque, but, unfortunately, it is all the more dangerous for that in further adding the addle-headed. There are still evil "interests" in the world, tyrannical and enslaving, which scheme to profit from this muddling of minds.

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