

Tobacco

BY THE CONDE DE CHURRUA
President, Manila Tobacco Association

It is with great interest that everyone having anything to do with the tobacco business, is following the Government's plans for the rehabilitation of the industry through the National Tobacco Corporation. It is understood that the sum of P3,000,000 has been appropriated for that end, and already conventions of manufacturers and farmers have been held and the Philippine Tobacco Planters' Association has been organized.

The National Tobacco Corporation has in its hands a powerful instrument, money, and the manner in which it will be used will be of great importance for the future of the business.

One of the principal activities of the National Tobacco Corporation is the buying of tobacco, and, to a degree, establishing the prices that will be paid to the farmers. This is a very serious responsibility; the prices paid will be the deciding factor in the rehabilitation of the business, for if prices are too low the farmers will be discouraged and if they are too high the whole business will eventually be paralyzed.

A good way to establish a base-price would be to make a thorough study of world-prices for similar tobaccos, as all exports will have to be based on them, for local buyers could, if local prices were too high, buy American leaf-tobacco by preference, so as to supply the market with a low-priced American type of cigarette.

We must not forget that the tobacco farmers' crop of tobacco is not his main resource. Every such farmer raises corn for his own sustenance, has a vegetable garden, and keeps pigs, hens, etc. It is interesting to know that the average number of working hours devoted to the cultivation of tobacco per hectare and its preparation for the market runs to around 429 a year, that is about 54 eight-hour working days. One and a half hectares is the area generally cultivated by a family.

The operations involved are as follows:

Preparation of seed beds	22 hours
Tilling the land 3 times and raking it	58 "
Transplanting	30 "
Replacing dead plants and weeding	36 "
Hilling	18 "
Cutting the leaves, and transportation	110 "
Stringing, drying, and fermenting	30 "
Arranging and classifying	125 "
Total	429 hours

For this reason tobacco planters were never easily discouraged by low prices and considered high prices as a special boon. As a matter of fact, low prices have many times served as an incentive for bigger crops, as the farmers understood that higher production would compensate for low prices.

Now, of course, there are fewer farmers because many members of the younger generation have gone into the professions, as they have done and are doing throughout the Philippines irrespective of agricultural prices.

The paying of prices that would be out of proportion with world conditions, would only mean one or at most two boom years for the farmer; after that, stocks would accumulate and prices would come down with a crash. Every cent spent to maintain high prices would be lost together with our foreign markets and the local industry.

So there is only one way to solve the problem, and that is to maintain prices at a reasonable level and to increase the volume of production. Three million pesos can go a long way to promote mechanization as a means to increase production, to help the farmers to obtain more for their crops, and to keep prices at a level which foreign markets can meet. This would be a constructive way to rehabilitate the business, as it is the buyer, be he the local smoker or the foreign importer, who will always have the last word.

We have faith in the National Tobacco Corporation and its very able management, and do not doubt that it will carefully weigh every proposal made on matters which will so much affect the rehabilitation of the tobacco industry.

Manila Hemp

BY H. ROBERTSON
Vice President and Assistant General Manager,
MacLeod and Company of Philippines

THIS review covers the period January 16 to February 15, 1949. Throughout the month the market in New York gradually eased off, to close at the low for the period. Consumers appeared to be fairly well supplied and were inclined to hold off due to the very poor demand for cordage and general business uncertainties. The United States Government stock-pile and the U. S. Navy accounted for a large percentage of the business done during the period; but for this demand, the decline would have been more severe. The period closed with no demand whatsoever in New York, although offerings from the Philippines were not heavy.

SCAP continued to absorb abaca in fair quantities, preferring the cheaper non-Davao varieties. The prices SCAP was willing to pay declined in sympathy with other markets.

A fair business to Europe was done,—principally for shipment to Germany.

In the Philippines, prices declined more slowly than in consuming markets and throughout the period were out of line with prices obtainable in consuming markets. This feature was true in regard to both non-Davao and Davao hemp, although it was more particularly noticeable in the Davao area.

A noteworthy feature of the month was President Quirino's approval in principle of the petition of the Mindanao Abaca Planters Association for an agricultural loan of P35,000,000 from the Philippine Government to aid the abaca industry in Mindanao.

Nominal provincial values on February 15 were:

	Per Picul Basis Loose			
Davao I	P69.00	—	Down	P1.50 from January 15
Davao J1	67.50	—	"	" " "
Davao G	60.00	—	"	" " "
Non-Davao I	65.00	—	"	" " "
Non-Davao G	47.50	—	"	" " "
Non-Davao K	29.00	—	"	" " "

New York quotations on February 15:

	Per lb. c.i.f. New York			
Davao I	30	¢	—	Down 5/8¢ from January 15
Davao J1	29-5/8¢	—	"	5/8¢ " " "
Davao G	26-7/8¢	—	"	1/2¢ " " "

Non-Davao I	29-1/2¢	—	"	5/8¢	"	"	"
Non-Davao G	22-5/8¢	—	"	1/2¢	"	"	"
Non-Davao K	15-3/8¢	—	"	1/8¢	"	"	"

Production for January, 1949, was 46,797 bales,—an increase of 9,913 bales from December, 1948. Non-Davao balings showed a large increase, being 27,569 bales,—up 11,633 bales from December. Davao balings were 19,228 bales,—down 1720 bales from December.

Machinery

BY L. M. HAUSMAN

L. M. Hausman & Company

FROM San Francisco to New York, St. Louis to St. Paul, between the middle of November and the middle of January last, I talked to streetcar conductors, mechanics, housewives, farmers, factory superintendents, export managers, constructors, engineers and top executives of forty important manufacturing plants and industrial. Though the individual interpretation varied with location, occupation, and financial interest, the general opinion expressed may be summed up in an expression often quoted: "The Honeymoon is over."

I returned with this personal opinion:

Production in most consumer-items has caught up with demand.

Manufacturers and producers are doing their utmost to keep demand at the abnormally high peak of

the past few years, but doubt accomplishment.

Business as a whole, reflected by retail sales, is expected to almost equal, for 1949, the high volume of 1948, but the margin of profit will not be the same.

Labor and materials, on unit bases, will generally remain unchanged.

When production-volume drops, manufacturing costs may increase, and the cost of doing business will increase.

Whether or not consumer prices will continue to advance; depends on how large a part of the general public will remember that thrift once brought security.

Increase in unemployment is expected.

Increase in production-output per man-hour is expected.

A part of the United States population is not likely to enjoy life as much as it has in the past few years. A larger part is likely to give management and investors a more honest return for their high pay. Or else...

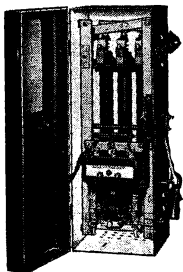
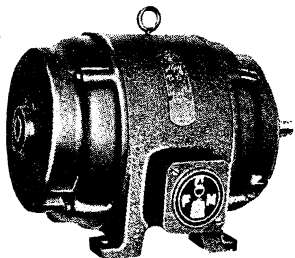
There will be no improvement in delivery, or availability, or in pricing of industrial machinery or heavy equipment. Cost tendency is upward, and the percentage of escalation is increasing. If anything, management is less adventurous. Capital is exceedingly cautious.

"The belief that any system can provide security without effort is a delusion."

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