

America in defense of freedom, but appealed to America for a 'redefinition of the fundamental attitudes toward Asia'.

"We are determined to carry on and fight to the last man on the side of America if freedom — our freedom and your freedom — should ever again be menaced and the democratic way of life imperiled... I have come to your country in the furtherance of the mutual understanding between your country and mine; for the preservation not only of freedom and prosperity but also of the peace of the world in our part of the globe. I hope this mightiest of legislatures in the world will give a timely and effective cooperation in our efforts to achieve a rich promise of understanding and enable us to contribute in our modest way toward the fulfillment of the high mission of the United States in the advancement and preservation of world peace and the security of all liberty-loving peoples." (In the House.)

"Today the most urgent problem that confronts the Philippines and other free countries of Asia is the problem of security. It is, in fact, the principal problem which besets all those states that lie without the advancing tide of Communism. The Philippines rejoices with the rest of the world for there, at least, has been erected a mighty bulwark against the advance of Communism in Europe. However, it is obvious to everyone that the task of securing a free world is only half done. Asia, with its vast population which accounts for more than half of the total population of the world and with its incalculable resources, can not and ought not to be lost to Communism by default. And yet this is bound to happen unless something of the courage and vision that went into the forging of the democratic defenses of Europe is applied through the forging of a similar system of defense for Asia. I feel very strongly that the free countries of Southeast Asia and the Pacific must themselves start a movement toward closer cooperation and the furtherance of their common interests in the political, economic, and cultural fields. No military commitments should be contemplated. It is my feeling that we still have time in the free countries of Asia to halt the advance of Communism by non-military means. The fundamental aim and purpose of the Pacific Union is to forge stronger ties of economic cooperation and collaboration between the free countries of Asia so as to enhance their prosperity, hasten the march of self-government, afford concentration in internal development, and to preserve their freedom..." (In the Senate.)

Aug. 11 — The Department of Foreign Affairs orders the immediate evacuation from Canton and Amoy of all Philippine nationals including non-essential dependents of members of Philippine diplomatic and consular staffs in these two cities.

Aug. 12 (Washington date Aug. 11) — The White House releases a statement concerning the visit of President Quirino published elsewhere in this issue of the Journal.

President Quirino arrives in New York and receives a "gala welcome."

Aug. 13 (New York date August 12) — President Quirino at a banquet tendered in his honor by the Philippine-American Chamber of Commerce and the National Foreign Trade Council, issues "a direct invitation to American capital to come to the Philippines".

"Referring to reports on local attempts at nationalistic legislation and Huk activities, President Quirino said that these have been greatly exaggerated. Of course, all sorts of bills are always being filed by Philippine legislators, as elsewhere, he said, but these do not necessarily reflect public opinion, much less get enacted. As for the Huk problem, he cited the fact that he is able to speak abroad so freely that there is nothing alarming about Huk activities. He concluded his talk by declaring that the Filipinos have always been friendly to America and will welcome active economic cooperation from Americans now and in the future.

Earlier in the day the President received the honorary degree of Doctor of Laws from Fordham University.

Malacañan announces the appointment of Marciano S. Angeles as General Manager of the Insular Refining Corporation and as Manager of the Pulp and Paper Mill Department of the National Development Company.

The Emergency Currency Board headed by Insular Treasurer M. Guevara announces that all registered emergency and guerrilla currency notes will be redeemed by the Government not later than September 9 of this year.

Aug. 15 — President Quirino in a radio broadcast from San Francisco beamed to the Philippines by RCA states, with reference to the honors and courtesies he has received in the United States:

"All these public demonstrations are but fair manifestations of the high regard in which America holds her Daughter-Republic in the Orient."

Aug. 17 — The Department of Foreign Affairs instructs the personnel of the Philippine liaison office in Canton to evacuate all non-essential personnel and all records to Hongkong.

Associate Justice Gregorio Perfecto of the Supreme Court dies.

Aug. 18 — The President returns to Manila and delivers a short address at the airfield expressing deep satisfaction with the results of his trip.

Aug. 19 — The President signs an executive order making Butuan, Agusan, a national port open to coastwise trade.

Announced that the air transport treaty with Thailand

has been technically completed by the Philippine Air Mission. The Mission will shortly leave Bangkok for New Delhi.

Aug. 20 — The President swears in Presiding Justice Luis P. Torres of the Court of Appeals as Associate Justice of the Supreme Court, replacing the late Justice Perfecto, and swears in also Justice Fernando Jugo, Associate Justice of the Court of Appeals, as Presiding Justice of that tribunal. Later in the day the President goes to Baguio for a rest.

Announced that the resignation of Jose C. Zulueta as Acting Chairman of the Surplus Property Commission has been accepted, effective today.

Aug. 22 — The President appoints Quintin Paredes, Jr. one of the Associate Commissioners of the Public Service Commission. Since liberation Mr. Paredes has been provincial fiscal of Rizal.

Aug. 24 — President Quirino addresses the following radio-gram to President Truman:

"Allow me to express my deep gratification over your formal announcement at Miami that the Philippines is included in the United States military assistance program for Atlantic Treaty countries. Your speech like ours whose national security is presently threatened by the advance of Communism. America's stand in joining in the common defense of the rights of all mankind gives us renewed hope and confidence."

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Banking and Finance

BY C. V. GRANT

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COMPARATIVE figures of assets and liabilities of the Central Bank follow:

(in thousands of Pesos)

	As of January 31	As of June 30	As of July 31
ASSETS			
International Reserve ...	P714,969	P641,617*	P573,031*
Contribution to International Monetary Fund ...	30,000	30,000	30,000
Account to Secure Coinage Domestic Securities ...	113,106	113,306	113,306
Due From Treasurer of Philippines ...	—	9,739	10,354
Other Assets ...	19,320	7,626	23,627
	P877,395	P824,969	P750,318
LIABILITIES			
Currency: Notes ...	P621,521	P534,425	P505,179
Coins ...	73,035	74,293	74,112
Demand Deposits — Pesos	169,351	135,438	116,269
Dollars	—	40,649*	11,637*
Securities Stabilization Fund ...	2,000	2,000	2,000
Due to International Monetary Fund ...	—	22,499	22,499
Due to International Bank for Reconstruction and Development ...	—	—	2,392
Other Liabilities ...	1,408	2,128	2,262
Capital ...	10,000	10,000	10,000
Undivided Profits ...	—	3,357	3,968
	P877,395	P824,969	P750,318

* The Demand Deposit Liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines. These amounts are included on the Asset side as part of the International Reserve.

A further substantial decline in the International Reserve occurred during July, which has focused considerable press attention on the problem of the spreading gap between the value of imports and exports. While Import Control and a gradual decline in prices of some imported commodities, have brought about a drop in the monetary value of imports (mainly due to a decline by one-third since the end of 1948,

and a drop of 50% from a year ago, in the export prices of copra), the value of exports for the first 6 months of this year decreased by P66,000,000 compared with the same period in 1948. This figure compared with the drop in value of imports of only P33,500,000.

The other principal contributing factor to the continued decline in the International Reserve during July, was the comparatively limited amount of dollars received from the U.S. Treasury, which funds cushion the effect of the adverse trade volume.

On August 12, the Central Bank notified the banking community that the Secretary of Finance had issued a directive to the Treasurer of the Philippines that henceforth the obtaining of a license from the Foreign Funds Control Office was no longer required for remittances abroad. Previously, such licenses were required for remittances in excess of \$2,500 monthly for other than payments of imports.

The Central Bank has recently released the following comparative figures for the period January through May, 1949.

Year and Month	MONEY SUPPLY*			Deposits, National Treasurer	Savings Deposits	Time Deposits
	Currency Net	Deposit Money	Total			
1948						
Dec.	526	607	1,133	22	227	22
1949						
Jan.	572	617	1,189	16	235	23
Feb.	571	589	1,160	16	236	24
Mar.	571	586	1,127	17	237	27
Apr.	588	569	1,157	17	236	28
May	552	549	1,101	16	237	28

* Money supply consists of currency issued, minus cash in banks; plus the peso checking-deposit liabilities of banks, excluding the national government deposits and interbank deposits but including unused overdraft lines.

During the past month there has not been any alteration in the rates at which the Central Bank buys and sells to commercial banks, nor in the rates between which the banks are permitted to quote to clients. For prime business, banks generally are quoting Telegraphic Transfers 201.25 selling, and 200.625 buying.

Stock and Commodity Markets

By A. C. HALL
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New York Stocks.—The advance, which began on June 13, has continued to make headway during the past month, with chemicals, foods (including sugars), and oils amongst the best-acting issues. Leading automobile stocks showed little response to record-breaking first-half 1949 earnings. Steels marked time as Wall Street tends to await the report of the Presidential fact-finding board on the steel wage situation.

As noted last month, monetary influences have continued to exert pressure toward lower yields for medium and long-term high grade bonds. This tendency is likely also to have a firming effect on the best quality common stocks.

Market fluctuations during the period, as measured by the Dow Jones Averages were as follows:—

	July 21	High	Low	August 19
Industrials	174.59	182.02	174.53	181.16
Rails	44.87	47.72	44.84	46.84

However, the movement of the averages is not too reliable a guide at the moment, as the market is a very mixed affair with numerous stocks moving against the trend of the averages, both on declines and advances.

Recent business news indicates that with consumption in many lines continuing to run ahead of output, inventories have been reduced to the stage that some shortages have appeared. This has resulted in satisfactory new buying and an increased rate of production in a number of industries. Other strong spots in the economy include the continuing high rate of automobile production and building construction. Offsetting these favorable factors in the business picture, are renewed wage demands in the steel and automobile industries. It is generally felt that further wage increases or any prolonged strikes in major industries at this time would seriously disrupt the progress already made toward a healthy peace-time economy.

In the face of many uncertainties, it is not surprising that financial opinion is very divided on the market outlook. According to Dow Theory, the current advance is a secondary reaction in a primary bear market. A leading statistical service feels that the November-July business recession has only accomplished part of the readjustments which are needed. On the other hand, another equally prominent stock review has held and continues to hold the view that the recession would be relatively mild and brief, although admitting the possibility that some jolts lie ahead before the economy gets out of the woods.

It is the writer's opinion, based on a study of the market action of a large number of individual stocks since 1946, that share prices, for the most part, have already completed their post-war adjustment, and, as usual, ahead of the business picture. However, having advanced uninterruptedly for nine consecutive weeks, the market must be considered vulnerable to any unfavorable new developments in the near future.

COMMODITIES.—The Government report as of August 1, estimated a further reduction of 57,000,000 bushels to 1,130,000,000 bushels as total wheat production. It is anticipated that larger amounts will enter the loan than last year, thereby creating a tightening of supplies later on in the year. September Chicago Wheat was quoted at \$1.98½ against \$2.02½ last month. There was a small increase in estimated total production of Corn as of August 1. Cash demand continues good but abundant supply is a depressing factor on Futures. September Chicago Corn was \$1.21½ against \$1.29½ the previous month. Cotton futures were slightly higher on good domestic and foreign demand with New York October closing at 29.85 as compared with 29.71 a month ago. The present sugar quota is causing a tighter statistical situation; September New York #5 Contract improved to 5.44 from 5.38 last month.

MANILA Market.—There was a good follow-through to last month's advance in well placed mining issues, but the sharpness of the advance carried the market into an overbought position, and vulnerable to profit-taking latterly. An unfavorable development during the past few days has been the slower demand for gold in the local market as a result of the deteriorating position in South China.