

# The Business View

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

## Office of the President of the Philippines

From an Official Source

**SEPTEMBER 1**—President Elpidio Quirino states that he never has used and never will use his emergency powers except as to strictly necessary measures.

"We are faced today with certain realities, not with academic contingencies, and I reserve the freedom as head of the State to act, consistent with democratic thought and practice, as I see fit in the interest of the public welfare. The stability and security of the nation is the paramount consideration."

The President appoints Judge Buenaventura Ocampo as associate justice of the Court of Appeals.

The President authorizes the allocation of P471,643.37 for the construction of houses for officers and enlisted men of the Armed Forces of the Philippines at Camp Murphy.

Felipe Buencamino, Jr. reports to the President that 30,000 cavans of rice will be harvested from the 700-hectare area under cultivation by the Government in the Ala Valley, Cotabato, beginning the end of August, and that some 300 hectares there planted to mongos will be harvested in October. He states that with the aid of tractors some 1000 hectares a month will henceforth be put under the plow in the Ala Valley and some 500 a month at Maramag, Bukidnon, until the cultivated area will reach 12,000 in the former region and 5,000 in the latter.

Sept. 3—Announced by Secretary of Public Works and Communications Prospero Sanidad that construction on the Bonga irrigation system in the Ilocos region will soon be started. The system will be one of the largest in Northern Luzon with a main canal of 58 kilometers and 2 tunnels 1,700 meters in aggregate length. The system will place over 4,000 hectares of land under irrigation around Dingras and Laog.

September 6—The President administers the oath of office to Jose E. Romero, newly appointed Minister to London, who is leaving shortly for his new post. He will serve concurrently as Minister to Norway, Denmark, and Sweden.

The Cabinet authorizes the release of P1,000,000 for several flood-control projects, including drainage in Manila,—the others in Pampanga and Bulacan, Pangasinan, Mindoro, and Antique.

The Cabinet authorizes Civil Aeronautics Administrator Andres O. Cruz, who is leaving for Washington this week, to make representations with the U.S. Civil Aeronautics Administration for additional technical and financial assistance for the Philippine civil aviation program.

Sept. 7—The President on behalf of the Government accepts a check for P1,000,000 transferred to him by James Mcl. Henderson, Philippine Alien Property Administrator, representing a part of the proceeds of former Japanese properties sold by the PAPA.

Deputy Auditor General Pedro M. Gimenez takes his oath of office as Acting Auditor General during the absence of Auditor General Manuel Agregado, now on official business abroad.

Sept. 8—The President leaves on the S.S. *Argus* on an electioneering trip to the Visayas and Mindanao. He is accompanied by Secretary of Education P. Langcaon, Social Welfare Commissioner A. A. Perez, Senators T. Cabili and E. Magalona, Generals M. N. Castañeda and A. Ramos, and members of his personal staff.

Sept. 10—Executive Secretary T. Evangelista, by authority of the President, releases P310,000 for the construction of bridges in Batangas, Bulacan, Ilocos Norte, Laguna, Pampanga, and Rizal.

Sept. 16—The Supreme Court after a rehearing of the executive emergency power cases, in a 6 to 3 decision, promulgated today, nullifies the Executive Orders on the budget and the election appropriations, the decision to take effect after 30 days. Chief Justice M. V. Moran, who at first deferred his vote, this time voted with the majority. In the case involving the "existence of the emergency powers", however, the old decision of 5 against the existence and 4 for the existence still stands, and this is not conclusive on an issue which requires a majority of 6.

Sept. 19—Secretary of Finance Pio Pedrosa states in a radio-cast:

"We have succeeded in maintaining our dollar reserves at the safe level of about P258,000,000, more than enough to keep the value of our peso stable and to meet all our standing commitments and obligations abroad. Don't believe all these alarming reports that our reserves are almost gone. It is not true."

Sept. 20—Malacañan announces release of P228,130.75 for the improvement of various commercial air navigation facilities at Baguio, Cebu, Davao, Iloilo, Laog, Legaspi, Rosario (Cavite), Zamboanga, and Manila.

Sept. 21—President Quirino, in Capiz, hails the election of Ambassador Carlos P. Romulo as President of the General Assembly of the United Nations as "one more feather in the cap of the Filipino nation". Under-Secretary of Foreign Affairs Neri states it is an—

"indication of the increasing importance of the role the Philippines has assumed in international affairs and reflects the decided shift of the world's attention to Asia and the Far East..."

Sept. 23—The President and his party return to Manila.

Sept. 22—The President sends the following message to Ambassador Romulo:

"My heartfelt congratulations. I am very happy and our people rejoice with us over your election. Our increasing responsibility in our international relations makes us all the more determined to be worthy of world confidence. I pray God that He give us light, strength, and vision to justify and fulfill our mission. You have fulfilled yours. I am proud of it."

Sept. 24—The President at a meeting of the Cabinet instructs Secretary of Commerce and Industry Balmaceda, in his capacity as a member of the Board of the National Rice and Corn Corporation, to reduce the price of rice to P.90 a ganta, to take effect immediately.

Announced by Under-Secretary of Foreign Affairs Neri that the President has designated Consul General Jose Melencio in New York as fifth member of the Philippine delegation to the present session of the United Nations General Assembly. He also announces that the Thailand Government has designated Luang Bhadravadi as Minister to the Philippines; this official has occupied various diplomatic positions in London, the Hague, and Paris from 1929 to 1947, and served recently as director general of Eastern political affairs in the Thailand foreign ministry.

Sept. 25.—The President, accompanied by Secretary of Interior S. Baluyut, senatorial candidates T. Cabili and L. Sulmulong, and others, visits the "Huk country", stopping briefly at Apalit, and then going on the San Fernando, Pampanga, and from there to Tarlac, Tarlac.

Sept. 26—The President returns to Manila after spending the night at Panique, Tarlac. He was prevented from going on the Cabanatuan, Nueva Ecija, because of a sprained ankle.

Secretary of Agriculture and Natural Resources P. L. Mapa states in a radio address that the production of rice has risen from an all-time low of 37,000,000 cavans in 1945-46, 49,900,000 in 1946-47, 53,000,000 in 1947-48, and 56,620,000 in 1948-49, the latter figure being almost 3,000,000 more than the best pre-war production of 53,698,000. Prospects for a still larger harvest in 1949-50 are bright. He states also that present irrigation systems now water 725,000 hectares and that 22 other irrigation projects are under construction. The present area under rice amounts to 2,164,100 hectares as compared to 2,080,380 before the war. There are no less than 1,000 native varieties of rice which yield an average of only 25 to 30 cavans a hectare. Plant experts have been working on the improvement of some 50 varieties of these to a point where they yield from 50 to 120 cavans a hectare. The Department is now spreading their use. Of the 29,000,000 hectares of land in the archipelago, 19,000,000 are potential agricultural lands and of these only 11,000,000 are claimed as private property, leaving 8,000,000 hectares available for the landless.

Sept. 27—The President authorizes the payment of two months' back-pay to pre-war government employees, the Philippine National Bank to advance the funds in the form of loans at a discount of 2%, the transaction being secured by the Government's back-pay sinking fund which accumulates at the rate of P1,800,000 a month. Last December one month's

back pay was granted under the same conditions, in the amount of P5,520,920.64. Payment of the two months' back-pay will probably begin on October 15.

The President on the recommendation of the Under-Secretary of Foreign Affairs and with the concurrence of the Cabinet authorizes the Surplus Property Commission to extend credit to the Republic of Indonesia for the purchase of certain surplus goods from the Commission. Recently the Indonesian application was withdrawn because of certain requirements of the Commission, and these will now be relaxed, the President being desirous of strengthening Philippine-Indonesian relations.

The Office of Public Information, Malacañan, announces that the organization has been completed for a daily 30-minute broadcast at 10 a.m. of news of the day, at dictation-speed, over the government radio station, DZFM. Under supervision of the Radio Control Board, battery receiving sets have been distributed to remote communities and certain officials have been designated to transcribe and post the transcriptions on bulletin boards in public places. The Department of Education is also encouraging schools in such localities to acquire receiving sets so that they may also make use of these broadcasts.

Sept. 28—The Department of Foreign Affairs announces that the Philippines will open its first consular mission in Indonesia about the middle of October with Vicente Pastrana as consul and Marciano Joven as vice-consul with headquarters in Batavia, the Netherlands Government having accorded these men provisional recognition.

The Department of Foreign Affairs announces that the Korean Government has made an offer to sell apples to the Philippines either for cash or on a barter basis, Korea hoping for timber, coconut oil, and rope in exchange. The apples range in price from \$4 to \$7 a box of 150, weighing 42 pounds.

## Banking and Finance

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

(in thousands of Pesos)

	As of Jan. 31	As of July 30	As of Aug. 31
<b>ASSETS</b>			
International Reserve	P714,969	P573,031	* P569,809
Contribution to International Monetary Fund	30,000	30,000	30,000
Account to Secure Coinage	113,106	113,306	113,306
Loans and Advances	—	—	10,000
Domestic Securities	—	10,354	18,287
Due from Treasurer of Philippines	—	—	12,569
Other Assets	19,320	23,627	24,090
	<b>P877,395</b>	<b>P750,318</b>	<b>P778,061</b>
<b>LIABILITIES</b>			
Currency: Notes	P621,521	P505,179	P502,949
Coins	73,035	74,112	73,935
Demand Deposits: Pesos	169,351	116,269	145,048
Dollars	—	11,637*	11,700*
Securities Stabilization Fund	2,000	2,000	2,000
Due to Int'l Monetary Fund	—	22,499	22,499
Due to Int'l Bank for Reconstruction and Development	—	2,392	2,392
Other Liabilities	1,488	2,262	3,092
Capital	10,000	10,000	10,000
Undivided Profits	—	3,968	4,446
	<b>P877,395</b>	<b>P750,318</b>	<b>P778,061</b>

\* Note: The Demand Deposit liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines which are temporarily being kept in foreign currency. These amounts are included on the asset side as part of the International Reserve.

The figure for the International Reserve of the nation as released in the August 31st report of the Central Bank showed little change from the previous

month, the reserves having decreased only \$1,600,000. Substantial amounts of dollars received from the U.S. Treasury to cover war-damage payments off-set most of the excess dollar disbursements made to cover the continuing unfavorable trade balance.

The Central Bank has released the following statistics which had been compiled from the records of the Bureau of the Treasury and the Accounting Department of the Central Bank:

### MONEY SUPPLY\*

End of Month	Notes and Coins in Circulation	Deposits of Demand Depositors	Manager's Checks, etc.	Deposits of National Treasurer	Savings Deposits	Other Time Deposits
1948						
January	851	442	6	999	46	219
February	541	454	6	1,001	30	221
March	439	485	7	1,031	25	220
April	642	472	6	1,020	63	219
May	618	446	6	969	84	218
June	526	493	7	1,126	67	221
July	521	640	6	1,167	11	225
August	433	607	6	1,156	62	226
September	640	666	6	1,112	74	230
October	655	611	5	1,171	43	230
November	568	621	6	1,185	45	228
December	576	607	11	1,194	22	227
1949						
January	572	617	7	1,196	16	236
February	571	589	6	1,166	16	236
March	570	566	7	1,133	17	236
April	568	568	6	1,163	17	236
May	552	549	6	1,197	16	237
June	536	545	6	1,087	20	239
July (tentative)	627	522	5	1,054	19	240

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

The announcement of the depreciation of sterling received here early in the morning of September 19 had little immediate effect on the local business and financial communities. However, as a result of the 30% depreciation in sterling currencies, the products of the soft-currency areas should be in a considerably better competitive position vis-a-vis "dollar area" merchandise. On the other hand, it will become more costly for sterling area countries to purchase with their depreciated currencies products of the dollar areas.

The new rates for the various currencies re-valued as a result of the devaluation of the pound sterling follow:

Australia — pound	\$2.24
Belgium — franc	.02
Burma — rupee	.21
Canada — dollar	\$ .91
Ceylon — rupee	.21
Denmark — kroner	1.450
Egypt — pound	2.87
Finland — mark	.00431
France — franc	.00285
Greece — drachma	.000066
Hongkong — dollar	.1750
Iceland — kronur	.106
India — rupee	.21
Indonesia — guilder	.2635
Iraq — dinar	2.80
Ireland — pound	2.80
Italy — lira	.0016
Luxembourg — franc	.02
Malaya — Straits-dollar	.3250
Netherlands — guilder	.2635
New Zealand — pound	2.80
Norway — kroner	.14
Portugal — escudo	354965
South Africa — pound	2.80
Sweden — kronor	193776
United Kingdom — pound	2.80

For prime business the banks are quoting Telegraphic Transfer 201.25 selling and 200.625 buying for spot exchange.