

EVOLUTION OF PHILIPPINE RETAIL TRADE LAW

In the *Lao H. Ichong v. Jaime Hernandez*, Secretary of Finance, and *Marcelino Sarmiento*, City Treasurer of Manila, case on May 31, 1957 the legal test of R.A. 1180 was completed when the Supreme Court justified the Retail Trade Nationalization Law by invoking the police power of the state.

In the above case the Court said: "We are fully satisfied upon a consideration of all the facts and circumstances that the disputed law is not the product of racial hostility, prejudice or discrimination, but the expression of the legitimate desire or determination, of the people, through their authorized representatives, to free the nation from the economic situation that has been fortunately saddled upon it rightly or wrongly, to its disadvantage. The law is clearly in the interest of

the public, nay, of the national security itself, and indisputably falls within the scope of police power, through which and by which the State insures its existence and security and the supreme welfare of its citizens."

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After signing the bill, President Magsaysay said in a message to Congress — "I have discussed H.R. 2523 (subsequently R.A. 1180), which seeks to nationalize retail trade, with experts and political leaders, and have devoted considerable time to evaluating the arguments for and against the measure. I am fully aware that the bill has imperfections, but notwithstanding this, I am constrained in concurrence with its primordial objectives, to sign this measure. I have taken this action after carefully considering representa-

tions from diplomatic sources and alien chambers of commerce for its disapproval, because I firmly believe in the principle — that it is for the best interests of our people and posterity. To my mind there is nothing in this bill that contravenes our fundamental law or our treaty obligations."

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The joint executive-congressional committee formed by President Magsaysay on Nov. 15, 1954 composed of such prestigious names as Oscar Ledesma, Salvador Arana, Alfredo Montelibano, Gil Puyat, Edmundo Cea, Quintin Paredes, Daniel Romualdez, Arturo Tolentino and Eugenio Perez, to study the Retail Trade Law recommended that the law be allowed to stand "to give it a chance to show its effect upon our economy."

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In the implementation phase of the retail trade nationalization policy a succession of institutions and measures were created and passed to expand Filipino participa-

tion in the retail trade. The appropriation of the Filipino Retailers Fund under the office of the Secretary of Commerce was quietly followed by the creation of the National Marketing Corporation (Namarco). Both moves were designed to promote aggressively substitute Filipino trade organizations. It is interesting to note that the Namarco has not only succeeded in taking over a big chunk of the retail trade from the aliens it has also muscled in "on the wholesale trade which is really the bulk of its activity." So that one might say that Namarco was really designed to take over the wholesale trade from the foreigners.

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As mentioned much earlier subsidies for Filipino retailers can be traced back even before the passage of R.A. 1180. In fact the National Trading Corporation created by an executive order on January 4, 1940 was described by a Manila Bulletin editorial of Oct. 18, 1940 as an attempt to "break the stranglehold of foreign retailers" upon Philippine trade. The NTC was

followed by the PRATRA (Philippine Relief and Trade Rehabilitation Administration). After the war this was replaced by the Price Stabilization Corporation (PRISCO) — which attempted to wrest control of retail trade from aliens by the transfer of importing business to Filipino hands.

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Going back into history, we can therefore detect a line in the pattern of marketing which is characterized by a conscious attempt on the part of the government to transfer the retailing and wholesaling business from foreign to Filipino hands.

Tomorrow we will see the results of this policy in the last few years. — *Jose E. Romero, Jr. in Manila Bulletin.*

STINGINESS

Russell Sage, the financier, had a wide reputation as a man difficult to separate from his money. A couple of promoters approached him one day and tried to sell him on a scheme they had. Sage talked with them for a while but said he could give them no definite answer as yet. Telling them that he would communicate with them in a few days he showed them out of the office.

One of the promoters seemed quite optimistic and voiced the opinion to his partner that he thought Sage was pretty well sold on their proposition.

"I don't know," replied the other sceptically. "He seemed too suspicious to me. Didn't you notice that, after shaking hands with me, he started to count his fingers?" — *Anon.*