

The Business View

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

Office of the President of the Philippines

From an Official Source

APRIL 1—Malacañan announces that Executive Order No. 384, issued December 21, 1950, goes into effect today, having been suspended for the first quarter of 1951 by Executive Order No. 388. By virtue of the order the licensing for the importation of 26 items listed as urgently needed by the country is transferred from the Import Control Office to the Price Stabilization Corporation, among them, rice, milk, canned fish, beef, coffee beans, tires, fuel and lubricant, cotton textiles, medicines, shoe-leather, belting, certain machinery, truck and tractor spare parts, jute bags, fertilizers, seeds, commercial glue, paper bags for cement and desiccated coconut, wire for nail factories, building materials, etc.

The Cabinet resolves to await action by the United States Congress on the recommendation of the State Department authorizing the U. S. Maritime Commission to extend the charters of ships now used by certain Philippine shipping companies in the inter-island service. The Filipino Shipowners Association opposes the extension, while the Philippine Shipowners Association (not the same) urges it.

April 3—President Elpidio Quirino administers oaths of office to Alfredo Montelibano as Chairman of the Import Control Board and to Alfonso Calalang and Francisco Ortigas, Jr. as members. He also administers an oath to Aurelio Periquez as a member of the Board of Regents of the University of the Philippines and as member of the Board of Directors of PRISCO. Import Control Commissioner Faustino Sy-Changco will return to his former post as Deputy Budget Commissioner.

The Cabinet decides to make representations to the International Wheat Council for an increase of the Philippine flour quota from 6,222,261 bags to 8,400,000 bags. It also decides to make available ₱748,150

for the completion of the Pines Hotel in Baguio. It creates two inter-departmental committees, one to screen applications for permits to export strategic materials, and the other, headed by Director of Fisheries Deogracias Vallado, to study a plan of the President to convert the 800-square-mile Candaba swamp in Pampanga, now a hide-out for Huk, into fish-ponds.

April 4—The President orders the preservation of the buildings of the refugee camp at Giliuan, Samar, set up by the International Refugee Organization of the United Nations, for possible use as a political prisoners' detention camp. The camp was opened in January, 1949, and the last of over 6,000 refugees, most of them White Russians from China, are scheduled to leave the country shortly; the refugees have been settled in Australia, the United States, South America, and Europe.

The President issues Executive Order No. 428 allowing the addition of the 1% Manila municipal tax to the ceiling prices fixed in previously issued executive orders.

April 5—In an effort to halt the rising trend in prices of prime commodities, the President authorizes PRISCO to import without quota allocation and in such quantities as may be necessary, six essential commodities,—rice, flour, milk, canned fish, canned meat, and coffee beans.

April 6—The President signs the Minimum Wage Bill, which becomes Republic Act No. 602. The main provisions are:

- 1) A daily wage of ₱4 for industrial workers on the effective date of the Act and thereafter in Manila and its environs.
- 2) A daily wage of ₱3 for industrial workers on the province on the effective date, provided that the Act shall not apply to any retail or service enterprise that regularly employs not more than 5 employees.
- 3) A daily wage of ₱1.75 for agricultural workers everywhere on the effective date of the Act for one year thereafter, and no allowance for board and lodging shall reduce this wage below ₱1.50 in cash during that year.
- 4) One year after the effective date of this Act, ₱2 a day, and no allowance for board and lodging shall reduce this wage below ₱1.75 in cash, and one year thereafter, ₱2.50 a day and no allowance for board and lodging shall reduce this wage below ₱2.00 a day.
- 5) These rates of wage shall apply to government workers effective on July 1, 1952.

Ambassador Cowen says Philippines has Complete Assurance against Aggression

“GUARANTEES and assurances that the United States will defend the Philippines from aggression from any source, are already provided to an extent unequalled in its relations with any other nation in the world,” was the statement of Ambassador Myron M. Cowen to a group of editors and publishers gathered at the American Embassy this morning.

Representatives of leading Manila newspapers met with the Ambassador today at his invitation, to discuss leading issues in Philippine-American relations. Ambassador Cowen is to leave for Washington on Saturday of this week to confer with State Department and other high government officials in the United States. He asked the assembled newsmen to tell him of the current problems now being discussed by the press and public with reference to relations with the United States, so that he might bring them to the attention of appropriate officials in the United States Government while conferring with them in Washington.

In reviewing the policy of the United States in regard to the security of the Pacific area, Ambassador Cowen explained that a treaty guaranteeing the Philippines assistance against aggression had been in effect since 1946, and that statements had been made by various high and responsible officials of the United States Government from time to time reiterating these guarantees. He called attention to a speech made by Secretary of State Acheson more than a year ago in which the Secretary said, “the defensive perimeter runs from the Ryukus to the Philippine Islands. Our relations, our defensive relations with the Philippines, are contained in agreements between us. Those agreements are being loyally carried out and will be loyally carried out. Both peoples have learned by bitter experience the vital connections between our mutual defense requirements. We are in no doubt about that, and it is hardly necessary for me to say that an attack on the Philippines could not and would not be tolerated by the United States.”

Ambassador Cowen then pointed out that on February 10, 1951, Dean Rusk, Assistant Secretary of State, made a public address in which he stated, “we cannot leave our friends in the Philippines... under the impression that we do not take our commitments seriously and that we might lack courage in the face of adversity.” The Ambassador also called attention to the statements made by President Truman last week in which it was stated, “In the Philippines the United States is accorded certain military operating rights and facilities pursuant

to an agreement with the Government of the Philippines, and the whole world knows that the United States recognizes that an armed attack on the Philippines would be looked upon by the United States as dangerous to its own peace and safety, and that it would act accordingly.”

The following day Secretary of State Acheson, in a speech before the Women's National Press Club in Washington, said, “As for the Philippines, no one can be under the slightest misapprehension about our concern for the security of that nation. Existing arrangements register our partnership and the practical means for giving effect to it. But apart from formal arrangements, the United States would not tolerate any aggression against the Philippines from any quarter. Our history, our mutual esteem, and our practical interests powerfully reinforce our agreements.”

The Ambassador said that the naval installations at Cavite were well-known to most Filipinos, and that the Air Force activities at Clark field were still another proof that the agreements as to defense of the Philippines were being implemented as agreed between the two Governments. In addition, the Ambassador called attention to the powerful Seventh Fleet and the Air Force operations in Japan, Okinawa, and other places in the so-called defense perimeter, pointing out that no power was at present equipped to mount a large invasion force on the shores of the Philippine in the face of such opposition as could be mustered in case of need.

According to Ambassador Cowen, the occasion for President Truman's statement last week on the security of the Pacific was to announce negotiations between Australia, New Zealand, and the United States whereby “no one of the three would be indifferent to an armed attack upon the other in the Pacific.” The Ambassador said that it was not necessary to include the Philippines in these negotiations, for there already exist between the United States and the Philippines formal agreements and other commitments far stronger than any contemplated at present in the Australia-New Zealand talks. In fact, according to Ambassador Cowen, the Australia-New Zealand arrangement only provides for common action in accordance with constitutional processes, and establishes consultation to strengthen security, and anything accomplished along these lines will only serve to bring the relationships between the two Governments and the United States somewhat nearer the relationship already existing between the Philippines and the United States.

—United States Information Service, Manila, April 26

6) The Secretary of Labor shall have the power to cause an investigation to determine if minimum wages are being paid in all enterprises and to appoint a wage board to fix a minimum wage for such an enterprise. The Secretary shall also make rules and regulations governing the appointment of wage boards, their public hearings and mode of procedure.

7) Wage board members shall not be entitled to compensation except to per diems from P5 to P7 daily for each day of official duty, and shall be exempt from all traveling expenses incurred in the performance of duties.

8) Part-time employees shall be paid minimum wages, but not less than 75% of those provided for industrial and agricultural workers.

9) Decisions of the Secretary of Labor on the minimum wage determination may be appealed from when supported by substantial evidence to prove that the ruling is unjust and prejudicial to the interest concerned.

10) Learners or apprentices are allowed not lower than 75% of the applicable minimum for not more than one year and if these are students or graduates of authorized nautical schools, in any practice, they may be permitted without compensation.

11) The Secretary of Labor may cause an employer to recover the wages owing to an employee as if they were paid with legal interest.

12) The Court of Industrial Relations shall have jurisdiction in cases of actual strikes as they affect the public interest.

The President vetoes House Bill No. 1565 which would establish legislative control over the finances of government-owned or controlled corporations.

The President signs the Convention for the exchange of postal money-orders between the United States and the Philippines; the Convention has still to be signed by the President of the United States.

The President submits to the Commission on Appointments the nomination of Executive Secretary Teodoro Evangelista as Secretary of Education and of Francisco Ortega as Mayor of Baguio.

The Cabinet refers to the Import Control Board several protests of textile exporters in New York against the recent decision of the Board to cancel the license of exports by the previous Board whose dollar allocations have not yet been used.

April 10—The Cabinet adopts a set of regulations to govern the qualifications of new and necessary industries for tax exemption which will be embodied in an executive order to be issued by the President shortly.

The Cabinet approves the recommendation of Juan M. Arellano, Director of the National Planning Commission, to convert the site of the former Stearns General Store into a national park. He also decides that the rehabilitation of the Mehan Gardens will be undertaken by the National Government.

April 11—Malaacan releases the text of a telegram sent by President Quirino to General Douglas MacArthur inviting him to visit the Philippines before his return to the United States, reminding him that he is an honorary citizen of the country.

April 14—Malaacan announces that President Harry S. Truman has assured President Quirino in a letter that:

"The United States Government for its part is now prepared to proceed rapidly and actively to carry out its commitments in the programs upon which we have agreed... I am convinced that our cooperative effort will further strengthen the Philippines as a diplomatic ally, an economic partner, and a shining example to the world."

The letter was delivered by Ambassador Myron M. Cowen at the start of a conference on the 12th on the bilateral agreement concerning the projected P500,000,000 "counterpart" Bill, necessary to the agreement, is still before the Philippine Congress, though the ECA has already organized its Manila office.

The President issues Executive Order No. 433 "establishing the rules and regulations for the qualification of industries for tax exemption under Republic Act No. 35 and revoking Executive Order Nos. 341." It states in part:

"What may be considered 'new' industry. A 'new' industry is one not existing prior to December 8, 1941, nor covered by any exemption already granted in favor of the same kind of industry prior to the date of filing of the application for exemption. Where other tax exemptions have been granted within a period of 6 months from the date of the approval of the first application on the same industry and it is shown that the new industry is a different product from each of each other, the exemption may be granted to all of them, if otherwise entitled to the exemption under this Executive Order.

"What may be considered 'necessary' industry. A 'necessary' industry is one complying with the following requirements:

(1) Not producing articles covered by the Internal Revenue Code as luxuries or semi-luxuries. (Secs. 184 and 185.)

(2) Where the imported raw materials represent a value not exceeding 50% of the gross value in money of the manufactured products.

(3) Where either the capital investment of the industry, excluding land and building, exceeds P50,000, or the industry will be employing more than 25 factory personnel.

(4) Where the industry will operate on a commercial scale in conformity with up-to-date practices and will make products available to the general public in quantities and at prices which will justify its operation with a reasonable degree of permanency."

The President issues Administrative Order No. 153 creating a committee to formulate plans to exploit the natural resources of the Candaba Swamps.

April 15—The President gives a luncheon in honor of U. S. Secretary of the Army Frank Pace, Jr., here on a brief visit.

April 16—The Council of State approves the development program recommended by both the Philippine Council for United States Aid and the American ECA group, which program is to be financed from the \$15,000,000 ECA interest fund. Following the usual procedure, Jose Yulo, PCUSA chairman, telegraphed requisitions to the United States covering practically the whole amount,—materials and equipment for use in agriculture, fisheries, and forestry, \$3,497,000; manufacturing and mining, \$844,000; transportation, communications, power, and public works, \$5,305,000; public health and education, \$840,000; public administration, \$388,000; and general commodities, \$4,000,000.

The Council also decides to press for reparations from Japan at the coming peace treaty conference; the Council will study "the President's proposal to demand payment of at least P2,000,000,000 which represents the total amount of private claims that have not been satisfied by the War Damage Commission". "The President said this amount should be paid by the Japanese and not by the United States". "Previously, the Philippines has insisted on \$8,000,000,000 reparations from Japan.

April 20—The Import Control Board and the PRISCO Board hold a meeting presided over by Secretary of Commerce Cornelio Balmaceda, and among the policies agreed upon are the extension of every facility and assistance to food and dollar-saving enterprises; the handling by PRISCO of permits for all supplies, machinery, equipment, and spare parts for such industries; the handling by PRISCO of cotton and rayon textiles to be used by local dollar-saving factories; the processing of all applications for the second quarter to be done in relation to the amount of dollars actually available; constant consultation between the two Boards to ensure the coordination of the work of the two organizations.

April 21—The President confers with Cornelius Van S. Roosevelt, son of the former Governor-General of the Philippines, who is vice-president of the Security Banknote Company which has contracted for the printing of the paper bills in small denominations, \$5, 10¢, and 20¢, soon to be introduced here in the total amount of P60,000,000.

April 24—Secretary of Foreign Affairs Carlos P. Romulo, who returned to the Philippines yesterday, reports to the President and later to the Cabinet that the prestige of the Philippine Government has risen in the United States upon the recent reorganization of the Cabinet, the Government as a whole, and the Armed Forces, the gradual restoration of law and order, the increase in production and in exports, the improvement in the dollar position, and the government decision to prosecute tax-evaders. He also reports on the international situation.

April 27—The President signs the Counterpart Bill which becomes Republic Act No. 604, appropriating P50,000,000 to constitute a counterpart fund for any assistance to the Philippine Government which may be received through the ECA from the United States Government. Later the President signs the economic and technical cooperation agreement, Ambassador Myron M. Cowen signing for the United States. The President states that there has now been created "the atmosphere, means, and determination" to make the present year the "start-off for the total economic mobilization program of the Government."

Banking and Finance

By G. A. BENSON
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COMPARATIVE statement of condition of the Central Bank:

	As of Dec. 31 1949	As of Jan. 31 1951	As of Feb. 28 1951	As of March 31 1951
(In thousands of Pesos)				
ASSETS				
International Reserve...	P460,689	P548,933	P554,565	P579,119
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,306	113,306	113,306	107,570
Loans and Advances.....	77,047	56,791	49,418	55,863
Domestic Securities.....	92,197	160,820	164,181	163,088
Trust Account—Securities Stabilization Fund	—	6,848	6,848	6,848
Other Assets.....	20,390	47,003	53,619	56,562
	P793,629	P963,702	P971,937	P999,050
LIABILITIES				
Currency—Notes.....	P555,576	P644,563	P655,634	P664,360
Coins.....	74,384	90,530	91,713	92,680
Demand Deposits—Pesos.....	117,682	183,976	175,994	194,213
Securities Stabilization Fund.....	2,000	6,848	6,848	6,848
Due to International Monetary Fund.....	22,498	496	496	497
Due to International Bank for Reconstruction and Development.....	2,389	2,388	2,385	2,383