

# The Business View

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

## Office of the President of the Philippines

*From an Official Source*

**JULY 1** — A check for P93,778,000 is turned over to the Philippine Government by the U. S. Army as an advance of funds for the use of the Philippine Army in the payment of claims, such as for back pay and guerrilla pay, which have been adjudicated by PHILRYCOM and not yet paid. Lesser amounts for the same purpose have been turned over during the past two years. The Philippine Army has since the beginning acted as the paying agency, the funds being furnished by the United States, and the determination of the validity of all claims being made by the U. S. Army. The Army has announced that it has completed its work regarding the processing and adjudication of claims and obligations of the United States Government incurred as the result of the mobilization, operation, maintenance, and demobilization of the Philippine Army and recognized guerrilla units.

**July 2** — President Elpidio Quirino in receiving a delegation of American business men who come to attend the Regional Trade Conference in Manila, sponsored by the Philippine Chamber of Commerce, states that "the Philippines is peaceful, hospitable, and generous to American investment."

An agreement is signed in the office of the Secretary of National Defense for the transfer of vessels of the United States Government, declared as excess, to the Philippine Government, the former to retain title to the ships but the latter to have full use of them until such time as they are recalled. To date, 95 vessels of different categories have thus been turned over.

Ambassador J. M. Elizalde reports from Washington that President Harry S. Truman yesterday signed the Taft Act extending hospitalization privileges to Filipino veterans.

The Philippine Bureau of Commerce reports that Philippine coconut-fiber hats are being sold by Stetson stores in the United States for \$10 each and buntal hats for as much as \$100.

**July 7** — The President issues Executive Order No. 150 creating a Social Security Commission to undertake a study of social security systems abroad, prepare actuarial tables, and draw up legislation for such a program here "at least cost to both employer and employee". The Commission will be appointed by the President and is required to report within not more than 6 months.

**July 8** — The President issues Executive Order No. 155 designating Friday, October 1, as Census Day,

"on which date the enumeration of the population and the collection of all pertinent social and economic data about the Philippines shall begin and proceed on consecutive days from daylight to darkness, including Sundays and holidays, until completed".

**July 9** — The President extends for another 90 days (from July 1) the period after which the owners of cockpits, night clubs, cabarets, dance halls, and dancing schools must move their establishments to zones where they are not prohibited.

**July 12** — The President issues a statement praising the services of the late Marcelo T. Boncan, Philippine Consul in Los Angeles, California, who died suddenly from heart disease.

**July 13** — The Cabinet lays down the ruling that Filipino civilian employees being discharged by the United States Armed forces in the Philippines who are seeking reinstatement in the Philippine Government service must accept the government salary scale.

The Board of Directors of the National Development Company, it is announced, is studying the proposal of an American company to establish a factory for the manufacture of children's garments, the National Development Company to provide the land and buildings and the American company the machines, the "know-how", and the operating expenses; the central factory would be in Manila and others in centers of population in the provinces, such as Guagua, Dagupan, Vigan, Batangas, Cebu, and Iloilo. Each factory would employ some 2,500 persons, around 80% women. The cutting and stitching would be done in the factories and the trimming and finishing in the workers' homes. The plan is one of the results of the series of conferences held between American and Filipino business men. Six agency agreements are said to have been signed between the delegates and local Filipino merchants.

**July 19** — Upon the request of Congressman Luis M. Taruc, the President extends the period during which members of the Hukbalaahap and the National Peasants Union may present themselves, with their arms and ammunition, to the authorities under the Amnesty Proclamation, to July 31.

The President names former Chief Justice Ramon Avanceña, former Secretary of Justice Jose P. Laurel, Justice Sabino Padilla, and former University of the Philippines President Jorge Cocobo as a committee to name the nominees of the Republic of the Philippines to the International Court of Justice, an instrumentality of the United Nations. The Philippines will name two Filipino and two non-Filipino jurists, as will other member nations, and from among all the nominees, the General Assembly of the United Nations will choose the men to fill the vacancies in the World Court.

**July 21** — The Board of Directors of the National Development Company has approved a recommendation of Secretary of Finance Miguel Cuaderno to bring in two leading American experts to advise the Company on its big scale ramie project. The men are Willis G. and I. A. Waldo. Mr. Cuaderno reported that ramie is considered a top strategic requirement for stock-piling in the United States.

**July 22** — The President appoints the Quezon City Planning Commission with Juan Arellano, well known architect, as Chairman and Manager. The other members are Mayor Ponciano Bernardo of Quezon City, Manuel Mañosa, Manager of the Metropolitan Water District, Pio Joven, Deputy Auditor General, Jose Paez, of the Santa Clara Lumber Company, Salvador Araneta, attorney, and Ernesto Rufino, theater owner. Cesar Concio, architect of the University of the Philippines, is detailed as executive secretary of the Commission.

**July 25** — Ratifications of the Treaty of Friendship and General Relations between the Philippines and Spain, are exchanged at Malacañan. The Treaty provides among other things that—

"Filipinos in Spain and Spanish nationals in the Philippines shall enjoy, on the basis of reciprocity, and subject always to the respective police, security, and other laws and regulations issued by each of the High Contracting Parties, in all of the territory of the Philippines, on the

one hand, and in all the territory of Spain, on the other hand, the right to acquire, possess, and dispose of movable and immovable property, to establish and maintain schools of learning, as well as the privilege to reside, travel, and engage in trade, industry, and other peaceful and lawful pursuits.

July 26 — The President inducts into office the members of the Capital Planning Commission, and also two new Governors of the Rehabilitation Finance Corporation, — Messrs. Eugenio Ealdama and Carlos Rivilla.

The Cabinet considers plans for the utilization of the \$22,500,000 granted the Philippines by the American Congress in the Rogers Act which provides for the construction of hospitals for Filipino veterans. Four hospitals may be built, one in Manila, another in Baguio, and the two others somewhere in the Visayas and in Mindanao. The Act also provides for grants for the operating expenses of these hospitals for a period of 5 years, not to exceed \$3,285,000 a year.

July 27 — Nicolai Aall, envoy extraordinary and minister plenipotentiary of Norway to the Republic of the Philippines, presents his credentials to President Quirino.

July 28 — The President issues Executive Order No. 158, creating a Labor-Management Advisory Board to assist him and the various labor agencies of the Government in connection with labor policies, problems, and disputes. The Order reads in part as follows:

"WHEREAS, the relations between labor and management are at times marred by industrial disputes arising from a misunderstanding of their mutual rights and obligations;

"WHEREAS, it would be to the interest of industrial peace, which is the only climate under which a speedy rehabilitation and development of our country is possible, that industrial disputes be at least minimized, if not altogether avoided, through an amicable adjustment of labor disputes; and for this purpose, there is need of an agency which will help bring labor and management to the best understanding possible; and

"WHEREAS, the problems of labor should be approached from the broadest perspective compatible with the just exercise of the right of management to direct its enterprises:

"Now, therefore, I, Elpidio Quirino, President of the Philippines, by virtue of the powers vested in me by law, do hereby create a Labor-Management Advisory Board which shall be composed of a Chairman and such members as the President may appoint. One-half of the members shall be chosen from labor and the other half from management elements of the country. The members of the Board who are not government officials shall receive such per diems as may be fixed by the President.

"It shall be the duty of the Board to assist the President of the Philippines in the formulation of the labor policies of the Government; to advise the Secretary of Labor with respect to the administration of labor laws; to study ways and means of preventing or minimizing industrial and other labor disputes, and to assist the Secretary of Labor and the other agencies of the Government in endeavoring to reconcile the parties to an industrial strife and inducing them to settle the same amicably. . . ."

He also issues Proclamation No. 84 designating the period from August 19 to September 19, 1948, as "anti-Tuberculosis Month" and authorizing the Philippine Tuberculosis Society to conduct a national fund and educational drive during this period.

July 30 — Despite the fact that few Huks have as yet presented themselves under the terms of the Amnesty, President Quirino states at a press conference that the situation is "encouraging". He states that he is more concerned with his social amelioration program and the return of the dissidents to their farms than with the immediate surrender of their fire-arms. With respect to trading with Japan, he states that the geographic factors can not be ignored and that relations will some day have to be restored. The policy so far has been to deal with Japan not as a sovereign country but as a country being administered by SCAP, and that the trade so far carried on has been to Philippine advantage.

Asked to comment on the plank in the Wallace Platform for the repeal of the Bell Act, he states that the Act has not worked to the disadvantage of the Philippines and that if it ever did, there is always open the recourse of terminating it.

In answer to a statement made in a speech by Col. R. R. McCormick, publisher of the *Chicago Tribune*, before the American Club in Paris, as reported in the press. President Quirino issues the following:

"Our financial, trade, and military relations with the United States are all based on bilateral covenants. The Philippines was actuated to enter into these covenants by its desire to open its resources to American investments, which we consider of great help to our economic development and, what is more, to our immediate reconstruction and rehabilitation.

"The military agreement with the United States was entered into by the Philippine Republic on a mutually beneficial basis; namely, for the protection of Philippine and American interests in this country and for the maintenance of peace in the Orient.

"We never accepted, as we can not accept, American direction of our military and financial positions. Mutual assistance is the essence of such pacts. . . ."

## Banking and Finance

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**B**USINESS news is showing little change from month to month and the velocity of commercial transactions during July continued the slow pattern of the preceding several months.

The effect of war-damage payments is being felt in the economy, and money in circulation continues to increase month by month. Bank deposits are higher. Banks' loan portfolios are also up, but percentage-wise are not keeping pace with the growth in deposits. Merchants report that collections have improved somewhat, but inventories are still heavy in many lines of merchandise. There has been some decline in buying power, following lower prices for copra, abaca, and other export products. Importers are following conservative policies in placing orders. Markets are now well supplied with consumer goods, in the United States, as well as here, and merchants can keep commitments down without fear of being caught short, which has been one of their principal worries in recent years. Consumers' requirements are being satisfied and distributors' stocks are filling up. The opportunity for speculative run-ups and speculative profits has diminished, and the situation is healthier for these changes.

Foreign exchange quotations have not altered during the month, though dollar demand was somewhat easier.

The General Banking Act, companion legislation to the Central Bank Act, was passed by Congress during the Special Session, and with the approval of the President, has become law.

**E**ven a cursory glance at the appended comparative figures indicates that the main trend of business is still inflationary. The cost of doing business is higher and more credit is being used now than a year ago. If pre-war records were available, the comparison would be even more striking.

Comparative Financial Summary of thirteen Manila banks compiled from reports issued weekly by the Bureau of Banking:

Loans, Discounts and Advances (monthly averages)			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱383,841	₱381,008	₱293,073	
Total Bank Resources (monthly averages)			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱931,207	₱895,019	₱755,913	
Bank Deposits (monthly averages) Public funds not included			
(000 omitted)			
*June, 1948	**May, 1948	June, 1947	
₱448,864	₱415,027	₱372,128	