

The Business View

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

The Government

From Official Sources

JANUARY 1—President and Mrs. Ramon Magsaysay receive some 10,000 people of all strata of society at the Malacañang New Year reception.

Jan. 2—Announced that at President Magsaysay's invitation, Filemon C. Rodriguez, recently resigned Chairman of the National Economic Council and general manager of the National Power Corporation, has agreed to serve as adviser to the President on economics and power development on a 11-a-year basis.

Jan. 3—President Magsaysay instructs the Philippine delegation to the ECAFE conference in Hongkong, January 6 to 12, to do what they can to promote a more rapid development of trade relations with neighboring countries; the delegation is headed by Under-Secretary of Commerce Perfecto E. Laguio and also includes representatives of the Philippine chambers of commerce, industry, and agriculture who will attend at their own expense.

President Magsaysay in a directive addressed to the President and Board of Regents of the University of the Philippines urges the establishment, by not later than the 1955-56 academic year, an Institute of Asian Studies and an "Asian House" in the University, as recommended by the Asian Good Neighbor Relations Committee; Asian House would comprise an Asian library, conference and lecture rooms, and a dormitory for students from abroad here on scholarships; provisions for the immediate construction of a building are being made.

Jan. 4—The President confers with Budget Commissioner Dominador Aytona for the purpose of cutting down budgetary estimates submitted by the different executive departments totaling around ₱800,000,000.

Secretary of Public Works Vicente Orosa reports to the President that the construction of 4 bridges (Agusan bridge, 860 meters, Santa Clara Construction Company, ₱900,450; Del Pan bridge, Manila, 201 meters, Bernardo Sebastian, ₱1,264,570; Mandalagan bridge, Bacolod, 66 meters, Bartolome Puson, ₱87,730; and Maculcol bridge, Zambales, R. S. Pangilinan, ₱727,950) are scheduled for completion this year; also 7 stretches of concrete road in a number of provinces. Secretary Orosa requests the release of the ₱2,450,000 appropriated for the modernization and expansion of the Government's telephone system; ₱1,000,000 being needed to start the installation of automatic telephones.

The President receives Economic Administrator Alfredo Montelibano who recommends the sale to the public of part of the stock held by the Government in the Philippine Air Lines; the Government holds 54% and Montelibano would reduce this to 34%.

The President also receives Manager Manuel Mañosa of the Metropolitan Water District who reports that the installation of the 48-inch water-main, 6 kilometers along España Extension, has been completed after 2 years time and an expenditure of ₱3,400,000; the line will improve the water-pressure in the Tondo, Caloocan, Malabon and Grace Park areas.

Jan. 5—The President signs Proclamation No. 104 designating February 14 to March 31 as the period for the 8th annual fund campaign of the Philippine National Red Cross.

At a meeting of the Cabinet, the President authorizes Economic Coordinator Montelibano and the Manila Railroad Company to enter into negotiations with the General Electric (P.I.) Inc. and the General Motors Overseas Operations for the purchase of 40 diesel electric locomotives, costing approximately \$5,000,000 to be paid in instalments over a period of 10 years; savings in fuel, repair services, track-maintenance, elimination of watering stations, faster train schedules, etc., are estimated at ₱1,600,000 a year.

With the concurrence of the Cabinet, the President extends the ban on the slaughtering of carabaos, expiring on January 31, for another year.

The Cabinet allocates a lot behind the Central Bank Building to the Immigration Commission as a site for a building. The Cabinet authorizes the implementation of the ₱2,500,000 program for the improvement of the Government's telecommunications system. The Cabinet also approves a proposal of the Ledesma Shipping Lines to operate a ferry service between Manila and Cavite City and also a service to Corregidor and Bataan.

The President receives members of the special mission which he created by administrative order last July to study possibilities of foreign capital investment; the mission, composed mostly of local businessmen who paid their own way, including J. W. Hausermann, Ramon V. del Rosario, Marvin Gray, Manuel Gonzalez, Leonides Virata, Central Bank Governor Miguel Cuaderno, left Manila for the United States last September and returned recently; they report there is a general recognition that the Philippines because of its strategic

location and potential resources could become the trade center of the Far East but that there is apprehension over the restrictions on remittances abroad of profits and over nationalistic legislation; Governor Cuaderno states that he was able to arrange for a \$75,000,000 loan from American banks to finance a number of projects here and that some 15 large firms have indicated their intention to put up factories involving a total investment of around \$100,000,000.

The special presidential committee, headed by Secretary of Agriculture Salvador Araneta, appointed to formulate a new government policy on the acquisition of public lands by government officials and employees, reports to the President that alleged cases of "land-grabbing" in Mindanao were transactions made in good faith, in no case exceeded 104 hectares, and were the result of an "erroneous" interpretation of a 1938 administrative order of President Quezon which was rather vague in some of its provisions, it being accepted that permission of a superior prevailed over the prohibition against acquiring a piece of land within an official's own jurisdiction, whether by himself or a close relative. The report is a preliminary one and the committee will make its recommendations later.

Jan. 6—President Magsaysay receives Richard W. Pockmire, Philippine manager of the Goodyear Tire and Rubber Company, who informs him of the Company's desire to put up a tire factory here; last month representatives of the Firestone and Goodrich companies called separately on the President and informed him of similar plans of their respective firms.

The President receives a report from the special presidential committee on the civil service, headed by Budget Commissioner Aytona, which proposes plans for better preparation and administration of examinations, faster approval of appointments, and more systematic keeping of records; the committee recommends replacing the essay type of examination by objective examinations, with results to be announced within 30 days, instead of after several months as at present in the case of many examinations.

The President signs Executive Order No. 87 creating a commission for the development and maintenance of Corregidor and Bataan as national shrines; the Commission will be headed by the Secretary of National Defense.

Jan. 7—The President holds a breakfast conference with congressional leaders at which Senator Gil J. Puyat, chairman of the technical committee of the Laurel Mission reports on the Washington negotiations and Lt. Gen. Jesus B. Vargas, Armed Forces Chief of Staff, on the progress of the work of the Presidential Action Committee for Sulu Affairs (PACSUA). Senator Puyat states that "old friends of the Philippines" extended their utmost cooperation and assistance, including former Ambassadors Paul V. McNutt and Myron Cowen and Gen. Leland S. Hobbs, former JUSMAG chief. It is agreed to create a joint executive-congressional committee to study the effects of the Retail Trade Nationalization Law.

The President, in a conversation with General Manager Juan O. Chioco, of the National Rice and Corn Corporation, indicates his plans to appoint Eugenio Margate, rice planter of Dipolog, Zamboanga, as a technical assistant in the Department of Agriculture with the duty of teaching his method of raising rice which is achieving extraordinary results.

Jan. 10—President Magsaysay receives R. V. Farrell, Vice-President of the Union Carbide (International Division) Co. of New York, who informs him that his company is ready to start construction of a \$5,000,000 "Eveready" battery plant in Quezon City. He also receives Robert Bendheim, Vice-President of M. Loewenstein & Sons, Inc., New York, who also signifies the desire of his Company to erect a textile mill here with an initial capitalization of \$3,000,000. Later the President receives former Associate Justice of the Supreme Court George A. Malcolm, here on a visit.

The President receives a report from Secretary of Agriculture Araneta evaluating the country's natural resources as follows:

	Actual Values	Potential Values
Animal resources	₱ 861,108,000	₱ 2,220,651,000
Fishery resources	298,092,000	798,451,000
Forest resources	28,721,772,000	49,496,171,000
Land resources	4,387,773,000	13,285,103,000
Mineral resources	1,409,990,000	13,785,500,000*
	₱35,678,735,000	₱79,783,876,000

*Estimated potential mineral reserves on areas already surveyed (about 2,900,000 hectares.)

The President instructs Secretary of Finance Jaime Hernandez and Budget Commissioner Aytona to study ways and means of including in the Budget to be submitted to Congress the amount needed to pay, in full or in part, the salary adjustments of school teachers pursuant to the provisions of Republic Act No. 482; it is estimated the amount will reach some ₱17,000,000.

The President, upon receiving a complaint from the Filipino Flour Importers Association, inquires from Central Bank Governor Cuaderno why the Monetary Board has ordered the "de-control" of the importation of wheat flour.

Jan. 11—The President instructs General Vargas to take a census of Moro "kumpits", some of these vessels, equipped with 60 h.p. outboard motors being used for raiding attacks and able to outrun naval patrol boats, with a view to the possibility of government prohibition of such equipment; recent piratical raids have been reported on Basilan City, Dumalom, Bukidnon, and Kabasalan, Zamboanga del Norte.

Jan. 12—President Magsaysay having left Malacañang to work on his state-of-the-nation address, Vice-President Carlos P. Garcia presides over a meeting of the Cabinet at which Secretary of Finance Hernandez explains that the Monetary Board decided on the "de-control" of wheat flour importation as the price has now reached a stable level and that the action does not mean an unlimited allocation of dollars for the importation of flour as the total can not be more than the value of 7,500,000 bags which is the Philippine quota under the International Wheat Agreement.

Jan. 13—President Magsaysay certifies to the Court of Industrial Relations the labor dispute between the Philippine Marine Officers Guild on the one hand and the Compañia Maritima, Madrigal Shipping Company, and Philippine Steam Navigation Company on the other, pursuant to Section 10 of Republic Act No. 875, known as the "Magna Carta of Labor"; a strike was declared last July and is still unsettled; the action was taken with the concurrence of the Cabinet, but Secretary of Labor Eleuterio Adevosos opposed it because, as he stated, it is necessary to encourage collective bargaining as distinguished from compulsory arbitration as practiced in the past; other department heads favored certification as the strike had "already broken into violence."

The President endorses to Secretary of Justice Tuason for study and review the report of the special presidential committee headed by Dr. Gaudencio Garcia (Judge Jesus Paredes, Sr. and Assistant Solicitor-General Ramon Avanceña, members) which recommended the "separation from office" of three members of the Manila Municipal Council,—Board President Francis Yuseco and Councillors Justo Ibay and Ruperto Cristobal, accused of having accepted a total of ₱5,000 from the Lirio Terminal Market Association; the committee also recommended consideration of the possible prosecution of the officials of the Association for corruption of public officials.

Jan. 19—The President receives Paul R. Parrette, head of the Philippine Manufacturing Company, who calls to discuss plans of his Company for putting up a palm-oil mill at the site of the projected National Resettlement and Rehabilitation Administration settlement near the Davao Penal Colony; the mill will produce hydrogenated oil, now being imported from abroad, used in the manufacture of soap and lard. Economic Administrator Montelibano, who accompanied Mr. Parrette, informs the President that the NARRA plans to open a palm plantation in the area in connection with the mill and to give released prisoners from the Penal Colony preference as settlers and workers on the plantation.

Jan. 20—President Magsaysay organizes an Economic Planning Board to advise him on governmental economic and financial policies composed of eight men with Central Bank Governor Cuaderno as Chairman and Secretary of Finance Hernandez, Malacañang Adviser Filemon C. Rodriguez, Dean Hermenegildo B. Reyes, Hans Menzi, and Teodoro F. Valencia as members; two others, a senator and a representative, will be appointed after consultation with the Council of Leaders. Terms of reference set for the Board include consideration of the impact on the economy of the contemplated revised United States-Philippine Trade Agreement with recommendations with respect to the activities of various government agencies and development-project priorities; recommendations with respect to revision of the tariff structure; submission of drafts of legislation necessary to implement the contemplated new trade relations with the United States; and recommendations with respect to measures necessary to encourage domestic and foreign private capital investment.

Jan. 22—Senator Jose P. Laurel returns from the United States and is conducted by the reception committee headed by Vice-President Garcia to the Luneta grandstand where he asks the people to wait as he wishes to go to Malacañang to invite President Magsaysay to be present; the President cordially receives him and accompanies the Senator back to the Luneta, where he pays him and the other members of the non-partisan Philippine Mission high tribute and congratulates them on their work; the Senator himself addresses the crowd both in English and Tagalog in explaining the achievements of his mission; at the close, the President conducts Senator Laurel to his home on Pefiafrancia Street and then returns to Malacañang.

Senator Laurel releases the following press statement:

"I am happy to return to the native land after a relatively brief sojourn in the United States as head of the Philippine Economic Mission. The mission chairmanship afforded me an opportunity once again to serve our people. The new Agreement is the result of arduous labors of the Filipino and American panels during 3 months of continuous negotiations. By this new Agreement we have secured appreciable advantages in the political and economic fields, besides in-

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Banking and Finance

By M. D. ARNOLD

Sub-Manager

The National City Bank of New York

COMPARATIVE statement of condition of the Central Bank:

	As of Dec. 31, 1949	As of Oct. 29, 1954	As of Nov. 29, 1954	As of Dec. 29, 1954
(In thousands of pesos)				
ASSETS				
International Reserve...	₱460,689	₱428,816	₱406,474	₱375,259
Contribution to the International Monetary Fund.....	30,000	30,000	30,000	30,000
Account to Secure Coinage.....	113,306	106,940	106,940	106,940
Loans and Advances.....	77,047	37,388	49,708	62,547
Trust Account-Securities Stabilization Fund....	—	—	—	—
Domestic Securities.....	92,197	225,572	226,095	261,102
Other Assets.....	20,390	61,068	59,703	63,858
	₱793,629	₱889,784	₱878,920	₱895,706
LIABILITIES				
Currency-Notes.....	₱555,576	₱604,784	₱608,150	₱629,219
Coins.....	74,384	85,110	85,297	85,176
Demand Deposits-Pesos.....	117,682	138,702	121,272	135,903
Securities Stabilization Fund.....	2,000	14,860	14,902	4,985
Due to International Monetary Fund.....	22,498	496	496	496
Due to International Bank for Reconstruction & Development..	2,389	2,377	2,376	2,376
Other Liabilities.....	2,636	12,265	14,745	9,210
Deferred Credits.....	—	2,138	2,486	402
Capital.....	10,000	10,000	10,000	10,000
Undivided Profits.....	6,464	5,784	5,928	8,671
Surplus.....	—	13,268	13,268	13,268
	₱793,629	₱888,784	₱878,920	₱899,706

Contingent Account

Forward Exchange Sale. ₱ 6,460

The International Reserves as of December 31, 1954, were as follows:

Central Bank International Reserves.....	\$187,629,247.73
Japan Open Account (due from).....	19,697,727.63
Net FX Holdings other Banks.....	65,203,616.08
	\$272,530,691.44

This is a decrease of approximately \$10,500,000 as compared to November 30, 1954. It is pertinent to note that the amount due from Japan under the Philippine-Japanese Trade Agreement is now up to almost \$20,000,000, whereas the trade agreement terms stipulate a swing balance of \$2,500,000.

Currency and coins issued totalled ₱714,395,456.32.

Money remains fairly tight in the banks and in the market. Strenuous efforts have to be made to keep receivables somewhere near current.

Unemployment is of increasing concern.

All commercial banks operating in the Philippines

Consolidated Balance Sheet

(As of December 31, 1954)

(In millions of pesos)

Resources	
Loans and discounts.....	₱ 409.08
Overdrafts.....	253.23
Stocks, bonds, and other securities.....	116.10
Due from Banks, H.O., branches, and agencies.....	108.48
Due from Central Bank of the Philippines.....	118.64
Customers' liabilities, acceptances L.C.....	147.34
Other resources.....	123.74
	₱ 1,276.61

Koppel (Editorial)...

(Continued from page 51)

Cooper Company and so continued until the business was acquired by the Pressed Steel Car Company in 1923, at which time the name was changed to "Koppel Industrial Car & Equipment Company." In 1928 this company was incorporated under the name "Koppel (Philippines) Inc." Since that time, Mr. Bishop was Vice-President in charge until 1951, when he was elected President. The Company is today the Philippine subsidiary of U.S. Industries, Inc.

Besides industrial railway equipment, the firm now deals also in lines of power-generation and other electrical equipment, and, just before the outbreak of the war, took over the dealership of the Caterpillar Tractor Company and such allied firms as Deer & Company.

Since the end of the war the Company has expanded rapidly and now has branches and dealers throughout the country.

It is stated in a souvenir brochure that "Now, as always, Koppel (Philippines) Inc. is dedicated to serving the Philippines, not only with machinery, but with 'know-how', with financing, and with service." President Magsaysay is quoted as saying of the Company, "It is a well-known fact that this firm has for more than four decades now been contributing to the industrial and agricultural economy of the nation."

The Government...

(Continued from page 59)

tangible benefits which are incapable of pecuniary estimation. . . I say in all modesty that the Mission has been successful and that its success is due to the sympathetic attitude and sense of fairness of the American Government and people; the spirit of forbearance and breadth of perspective of the Filipino and American panels; the unity of the Filipino panel and their adherence to definite fundamental objectives; and the unstinted support of President Magsaysay, other national leaders, and our people at large. The Mission likewise presented various financial claims against the United States which are now pending consideration and action by the Government of the United States. I hope that the Philippine Congress and the American Congress will approve the new Agreement. With the approval of the Agreement we shall have laid the foundations of our political and economic relationship with the United States on a firmer and more stable basis, and chartered likewise a norm of conduct worthy of a free people. With the acceptance of the Agreement and its implementation together with the solution of other vital problems now confronting us, we shall be able, I am sure, to march onward and forward, alongside other progressive nations of the world, toward peace, prosperity, and happiness for our people."

The President enlarges the membership of the newly organized Economic Planning Board by appointing Minister Cesar Lanuza, one of the economic experts on the Laurel Mission, and Leonides Virata as additional members; it is explained that the Board is a temporary one but that legislation will be proposed to Congress establishing the body.

Jan. 24—The Third Congress of the Republic of the Philippines opens its second regular 100-day session; President Magsaysay delivers his Message on the State of the Nation (printed elsewhere in this issue of the *Journal*).

Jan. 26—President Magsaysay has breakfast with Senator Laurel who reports to him on the work of the Philippine Mission for the revision of the Trade Agreement.

After the breakfast the President names Secretary of Commerce and Industry Oscar Ledesma, Secretary of Finance Hernandez, and Economic Coordinator Montelibano as the executive department representatives on a joint executive-congressional committee which will study the effects of the Retail Trade Nationalization Law "to guide future policy on nationalization"; the congressional members of the committee are Senators E. B. Cea, Gil J. Puyat, and Quintin Paredes and Representatives Daniel Romualdez, Arturo Tolentino, and Eugenio Perez.

The President confers with Central Bank Governor Cuaderno and Hans Menzi, members of the newly-created Economic Planning Board, and instructs Cuaderno, the Chairman, to convene the Board as soon as possible and to have it draft legislation to "revitalize" the National Economic Council; he states the Council has done highly creditable work but suffers from organizational defects, most of the members being Department Secretaries too burdened with the affairs of their departmental affairs to be able to give much time to the work of the Council.

The President approves a plan of ACCFA Administrator Mondoñedo for the establishment of the Central Producers Exchange as authorized by the law which established ACCFA; the Exchange will handle the marketing of the surplus produce of the cooperatives (FACOMAS) affiliated with the ACCFA and will also serve as a central buying agency for the cooperatives in the purchase of fertilizers, feeds, implements, containers, etc. ACCFA will organize a corporation to own and operate the Exchange but this corporation will be owned exclusively by ACCFA; the corporation will be started with an initial paid-up capital of ₱1,000,000, divided into shares of ₱100, and all FACOMAS will be asked to buy at least one share each.

During a meeting of the Cabinet, the President orders the payment of the salary differential to school superintendents and some other education officials involving an amount of ₱151,800, as authorized by Republic Act No. 842, the Public School Salary Act of 1953. Steps are also being taken for the further payment of school teacher salary adjustments which calls for some ₱17,000,000.

During the meeting, the General Manager of NASSCO is authorized to negotiate with any banking or lending institution a credit-line not to exceed ₱1,000,000 for the operational expenses, with its reparations tools and equipment, valued at not less than ₱10,000,000, as security; Secretary Montelibano states the GSIS (Government Service Insurance System) is willing to buy ₱1,000,000 worth of bonds from the RFC which would in turn lend the proceeds to NASSCO. NASSCO is also authorized to divert a remaining balance of some ₱336,000 out of ₱600,000 intended for salvage operations, for the use of the Iligan Steel Mill.

The Department of Public Works and Communications is authorized to buy 4,000 metric tons of emulsified asphalt through public bidding.

Jan. 28—President Magsaysay holds a breakfast conference with Coalition leaders at which it is decided to accept the invitation to participate in the Afro-Asian Conference at Bandung, Java, in April, to adopt an attitude of "watchful waiting" with respect to the Formosa area developments, and to defer the discussion of the Japanese reparations question until next week.

Jan. 29—President Magsaysay attends a formal dinner given in his honor at Sangley Point, Cavite, by Admiral and Mrs. Hugh Goodwin; he expresses his admiration for the Admiral and states, in part, "Since we depend so heavily on that power [which he represents] for our defense against outside attack, we are grateful for Admiral Goodwin's reassuring presence among us in a position of high responsibility, especially now in these days of tension and danger."

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