

# The Business View

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

## Office of the President of the Philippines

**JULY 25**—Announced that the British Government has accepted the nomination of Jose E. Romero as Minister. He will succeed Ramon Fernandez in London.

The National Economic Council recommends to President Elpidio Quirino that the Rehabilitation Finance Corporation make a loan of P5,000,000 to the Metropolitan Water District for completion of its first priority projects. It also recommends that P2,500,000 be released to the National Development Company to replenish its capital funds, out of advances to the Government for development projects by the Central Bank.

F. D. Maramba, Director of Plant Industry, reports that the Rice and Corn Production Administration will have placed 20,000 hectares under cultivation by June, 1950, — rice, corn, peanuts, and other food crops, in Cotabato, Bukidnon, and Palawan.

**July 27**—The President administers the oath of office to Hermenegildo B. Reyes as member of the Government Enterprises Council. He has a degree of master of mechanical engineering from Cornell and is also an electrical engineer and a lawyer. He is Vice-President of the Manila Electric Company and former Vice-President of the University of the Philippines and President of the Far Eastern University. He will serve in the GEC as coordinator of the activities of the various government corporations and agencies.

Servillano de la Cruz, head of the National Rice and Corn Corporation, announces that rice will be sold at 90¢ a ganta in the immediate future, at which price NARIC stands to lose from 7 to 8¢ a ganta, but this will be offset by the profit realized from the sale of imported rice. The Government at present has some 70,000 cavans and is expecting about 60,000 from abroad. 80,000 cavans will be placed in reserve.

Delfin Buencamino, Chairman of the board of the Rehabilitation Finance Corporation, announces that a branch of the RFC will be opened in Davao on August 1. He reports that the RFC has so far extended loans totaling P115,000,000 for the building and rebuilding of homes, P28,000,000 for the rehabilitation of farms, not including some P33,000,000 for the sugar industry, P69,000,000 for the revival and promotion of industrial establishments, P8,000,000 for the construction of public markets and slaughterhouses, and some P10,000,000 for the purchase and subdivision of 14 estates (total area of 12,000 hectares) for resale to some 5,000 tenants.

**July 28**—The President issues the following statement concerning his trip to Washington:

"I have accepted with pleasure an invitation from the President of the United States to visit Washington at an early date. The possibility of such a visit has been discussed in messages exchanged between us during the past several months and I am happy that we have been able to arrange a mutually satisfactory time. I know of President Truman's deep interest in the welfare of the Filipino people and I am looking forward to the opportunity of discussing with him a wide range of subjects of concern to our two countries. There is, however, no single plan or policy on which I shall seek to obtain agreement during the course of my visit. It is my hope that the visit may serve to strengthen the friendship long felt between the United States and the Philippines. I plan to leave Manila in time to arrive in Washington on the 8th."

Ambassador J. M. Elizalde informs the President that President Truman has issued a proclamation restoring the 2-cent differential in favor of Philippine copra. "This will insure practically exclusive access to the United States market for Philippine copra and coconut oil," he reports.

**July 29**—The President initiates action to hasten the reconstruction of the Metropolitan Theater, for which the War Damage Commission has allotted some P800,000.

The President names Judge Antonio Horrillo Chairman of the Labor-Management Advisory Board, succeeding Judge Rafael Corpus.

**July 31**—The President gives a "despedida" dinner at Malacanang for U. S. Charge d'Affaires and Mrs. Thomas H. Lockett who are scheduled to leave the Philippines on August 15.

**AUGUST 1**—The President issues an executive order discontinuing the waiver of the additional progressive tax on sugar unless the sugar central concerned can show it is operating at a loss.

The National Economic Council adopts a resolution recommending a more strict enforcement of import control measures. It also recommends release of P1,000,000 out of the P5,000,000 made available by the Central Bank for irrigation projects, to be used as reimbursable funds for the purchase of portable irrigation pumps to strengthen the Administration's rice-production program.

The President's Action Committee for Social Amelioration (PACSA) reports that during the fiscal year ending June 30, it distributed palay seed and seedlings for root and other quick crops to the value of P383,500 to replant devastated farms; Pam-panga, Tarlac, Laguna, and Nueva Ecija received the largest shares. This aid did not include around P100,000 distributed in crop loans.

**Aug. 2**—The President honors his former teacher in the old Manila High School, E. J. Albertson, New York newspaper publisher, with a cocktail party at Malacanang attended by around 60 members of the 111 original members of the Class of 1910.

**Aug. 3**—The President hands Ambassador C. P. Romulo his letter of instructions on the proposed Southeastern Asia Union, placing him in full charge of the preliminary work.

The installations and facilities of the U. S. Army at Fort McKinley and Nichols Field are formally transferred to the Philippine Government as a prelude to the eventual transfer of the title. Not included in the transfer is the 10th General Hospital and a number of other units.

**Aug. 4**—Budget Commissioner Pio Joven announces that the Government is prepared to sell all former U. S. Army surplus property to the highest bidder, "as is, where is", bids to be received until 12 noon, August 15.

**Aug. 5**—The President holds a one-hour conference with a group of representative American businessmen headed by F. H. Stevens, President of the American Chamber of Commerce, who call at his invitation to discuss the business situation and investment problems. A smaller group of representatives of automobile dealers were received at the same time. Present also were Secretary of Finance Pio Pedrosa, Secretary of Commerce and Industry C. Balmaceda, and Central Bank Governor M. Cuaderno.

The President directs Secretary of Public Works and Communications P. Sanidad to release P100,000 for the immediate reconstruction of the Central Market in Manila which was destroyed by fire early this morning.

Announced that the Government has made representations with the United States Government requesting a reimbursement in the amount of over P29,000,000 paid by the Philippine Government in bonuses to enlisted men in the Philippine Army following its induction into the Armed Forces of the United States.

**Aug. 6**—The President leaves Manila for the United States on the Philippine Air Lines flagship *Manila* at 10 a.m., accompanied by Secretary Pedrosa and Jose Yulo, members of the Council of State. Among the technical advisers accompanying him also are Brig. Gen. C. Duque, Deputy Chief of Staff, Armed Forces of the Philippines and F. Rodriguez, General Manager, National Power Corporation. A squadron of 35 advanced trainer planes and a fighter squadron of 16 planes escort the Presidential plane up to the Sierra Madre mountains. The U. S. Information Service, Manila, announces that U. S. naval installations along the route have been alerted and that arrangements have been made "for hospitality, personal security, and aid in case of need" for the Presidential party.

**Aug. 9**—President Truman and Secretary of State Dean Acheson lead American officialdom in meeting President Quirino at the Washington airport on August 8 (Washington date).

The Department of Foreign Affairs announces that the primary concern of the first Philippine consular envoy to India, Judge Maynardo Farol, will be to "foster effective collaboration between the Philippines and India in the economic, cultural, and political fields."

**Aug. 10** (Washington date August 9) — President Quirino delivers separate addresses to the House and Senate of the U. S. Congress. He "pledged the Philippines to fight on the side of

America in defense of freedom, but appealed to America for a 'redefinition of the fundamental attitudes toward Asia'.

"We are determined to carry on and fight to the last man on the side of America if freedom — our freedom and your freedom — should ever again be menaced and the democratic way of life imperiled... I have come to your country in the furtherance of the mutual understanding between your country and mine; for the preservation not only of freedom and prosperity but also of the peace of the world in our part of the globe. I hope this mightiest of legislatures in the world will give a timely and effective cooperation in our efforts to achieve a rich promise of understanding and enable us to contribute in our modest way toward the fulfillment of the high mission of the United States in the advancement and preservation of world peace and the security of all liberty-loving peoples." (In the House.)

"Today the most urgent problem that confronts the Philippines and other free countries of Asia is the problem of security. It is, in fact, the principal problem which besets all those states that lie without the advancing tide of Communism. The Philippines rejoices with the rest of the world for there, at least, has been erected a mighty bulwark against the advance of Communism in Europe. However, it is obvious to everyone that the task of securing a free world is only half done. Asia, with its vast population which accounts for more than half of the total population of the world and with its incalculable resources, can not and ought not to be lost to Communism by default. And yet this is bound to happen unless something of the courage and vision that went into the forging of the democratic defenses of Europe is applied through the forging of a similar system of defense for Asia. I feel very strongly that the free countries of Southeast Asia and the Pacific must themselves start a movement toward closer cooperation and the furtherance of their common interests in the political, economic, and cultural fields. No military commitments should be contemplated. It is my feeling that we still have time in the free countries of Asia to halt the advance of Communism by non-military means. The fundamental aim and purpose of the Pacific Union is to forge stronger ties of economic cooperation and collaboration between the free countries of Asia so as to enhance their prosperity, hasten the march of self-government, afford concentration in internal development, and to preserve their freedom..." (In the Senate.)

Aug. 11 — The Department of Foreign Affairs orders the immediate evacuation from Canton and Amoy of all Philippine nationals including non-essential dependents of members of Philippine diplomatic and consular staffs in these two cities.

Aug. 12 (Washington date Aug. 11) — The White House releases a statement concerning the visit of President Quirino published elsewhere in this issue of the Journal.

President Quirino arrives in New York and receives a "gala welcome."

Aug. 13 (New York date August 12) — President Quirino at a banquet tendered in his honor by the Philippine-American Chamber of Commerce and the National Foreign Trade Council, issues "a direct invitation to American capital to come to the Philippines".

"Referring to reports on local attempts at nationalistic legislation and Huk activities, President Quirino said that these have been greatly exaggerated. Of course, all sorts of bills are always being filed by Philippine legislators, as elsewhere, he said, but these do not necessarily reflect public opinion, much less get enacted. As for the Huk problem, he cited the fact that he is able to speak abroad and give the news nothing alarming about Huk activities. He concluded his talk by declaring that the Filipinos have always been friendly to America and will welcome active economic cooperation from Americans now and in the future."

Earlier in the day the President received the honorary degree of Doctor of Laws from Fordham University.

Malacañan announces the appointment of Marciano S. Angeles as General Manager of the Insular Refining Corporation and as Manager of the Pulp and Paper Mill Department of the National Development Company.

The Emergency Currency Board headed by Insular Treasurer M. Guevara announces that all registered emergency and guerrilla currency notes will be redeemed by the Government not later than September 9 of this year.

Aug. 15 — President Quirino in a radio broadcast from San Francisco beamed to the Philippines by RCA states, with reference to the honors and courtesies he has received in the United States:

"All these public demonstrations are but fair manifestations of the high regard in which America holds her Daughter-Republic in the Orient."

Aug. 17 — The Department of Foreign Affairs instructs the personnel of the Philippine liaison office in Canton to evacuate all non-essential personnel and all records to Hong-kong.

Associate Justice Gregorio Perfecto of the Supreme Court dies.

Aug. 18 — The President returns to Manila and delivers a short address at the airfield expressing deep satisfaction with the results of his trip.

Aug. 19 — The President signs an executive order making Butuan, Agusan, a national port open to coastwise trade.

has been technically completed by the Philippine Air Mission. The Mission will shortly leave Bangkok for New Delhi.

Aug. 20 — The President swears in Presiding Justice Luis P. Torres of the Court of Appeals as Associate Justice of the Supreme Court, replacing the late Justice Perfecto, and swears in also Justice Fernando Jugo, Associate Justice of the Court of Appeals, as Presiding Justice of that tribunal. Later in the day the President goes to Baguio for a rest.

Announced that the resignation of Jose C. Zulueta as Acting Chairman of the Surplus Property Commission has been accepted, effective today.

Aug. 22 — The President appoints Quintin Paredes, Jr. one of the Associate Commissioners of the Public Service Commission. Since liberation Mr. Paredes has been provincial fiscal of Rizal.

Aug. 24 — President Quirino addresses the following radio-gram to president Truman:

"Allow me to express my deep gratification over your formal announcement at Miami that the Philippines is included in the United States military assistance program for Atlantic Treaty countries. Your speech like ours whose national security is presently threatened by the advance of Communism. America's stand in joining in the common defense of the rights of all mankind gives us renewed hope and confidence."

(Continued on page 407)

## Banking and Finance

BY C. V. GRANT  
Sub-Manager, National City Bank of New York

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

(in thousands of Pesos)

	As of January 31	As of June 30	As of July 31
<b>ASSETS</b>			
International Reserve ...	P714,969	P641,617*	P573,031*
Contribution to International Monetary Fund ...	30,000	30,000	30,000
Account to Secure Coinage Domestic Securities ...	113,106	113,306	113,306
Due From Treasurer of Philippines ...	—	9,739	10,354
Other Assets ...	19,320	7,626	23,627
	P877,395	P824,969	P750,318
<b>LIABILITIES</b>			
Currency: Notes ...	P621,521	P534,425	P505,179
Coins ...	73,035	74,293	74,112
Demand Deposits — Pesos	169,351	135,438	116,269
Dollars ...	—	40,649*	11,637*
Securities Stabilization Fund ...	2,000	2,000	2,000
Due to International Monetary Fund ...	—	22,499	22,499
Due to International Bank for Reconstruction and Development ...	—	—	2,392
Other Liabilities ...	1,408	2,128	2,262
Capital ...	10,000	10,000	10,000
Undivided Profits ...	—	3,357	3,968
	P877,395	P824,969	P750,318

\* The Demand Deposit Liabilities in U.S. Dollars are deposits of the Treasurer of the Philippines. These amounts are included on the Asset side as part of the International Reserve.

A further substantial decline in the International Reserve occurred during July, which has focused considerable press attention on the problem of the spreading gap between the value of imports and exports. While Import Control and a gradual decline in prices of some imported commodities, have brought about a drop in the monetary value of imports (mainly due to a decline by one-third since the end of 1948,

In accordance with the authorization in the Philippine Rehabilitation Act, the American agency sent 50 trainees to the States in 1947 and another group of 50 in 1948, to train for one year in the various technical phases of civil aeronautics service. Of these two groups, 30 specialized in airways communications, 30 in traffic control, and 40 in maintenance of airways facilities. An additional group of 46 trainees will be sent early this month. The Philippine CAA officials believe that the next class of trainees will consist of key personnel now operating and maintaining the communications and air traffic control facilities. They may be sent to the United States in small groups for familiarization training of at least three months.

Many of the returning trainees have replaced American technicians, 20 of whom have already returned to their old positions in the United States. Meanwhile, the Philippine Civil Aeronautics Administration, patterned after its American prototype, is gradually taking over many of the functions formerly handled by the Americans. In July this year, it will take over operation and maintenance of all facilities. Activities of the U.S. Civil Aeronautics Administration will be confined the rest of the year to an advisory capacity in maintenance and operation, and the construction of the remaining projects.

Officials of the Philippine Civil Aeronautics Administration believe that if the Philippine Government cooperates with USCAA in setting aside the yearly appropriations for the maintenance of the facilities and organization established, the program will be successful.

With the completion of these facilities, the Philippines will have a modern system of communications and air navigational aids like those available to any country in the world today including the United States. The Manila Overseas-Foreign Aeronautical communications station will be equal to any similar type station operated elsewhere and the runway at the Manila International Airport will be one of the most safe and largest runways in this part of the world.

The U.S. Civil Aeronautics Administration expects to leave well established system of air navigational facilities when it ceases operations at the close of the Philippine Rehabilitation Program. United States Information Service.

#### OFFICE OF THE PRESIDENT (Continued from page 387)

Aug. 26—The Supreme Court promulgates a decision covering 5 cases involving the powers of the President under the Emergency Powers Act of 1941, voting 5 to 4 against the continued existence of these powers, which, however, is no judgment as the required majority vote is 6. On the validity of the executive orders putting into effect the General Appropriations Act of last year and releasing funds for the coming November general elections, the vote was 5 to 2 against their validity; also inconclusive. However, on two other executive orders, one by the late President Roxas on rent control and one by President Quirino on export control, the vote was 9 to 10 against their validity. The majority opinion is based on the view that the emergency powers were granted to the President only until the legislative body could meet again after the war.

The President receives word from Ambassador J. M. Elizalde that the United States has approved the bill providing \$12,685,000 for the Philippine veterans hospital and medical program.

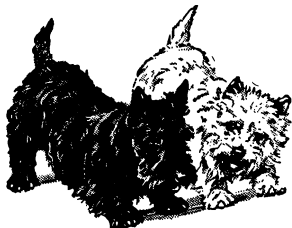
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Aug. 27 — Secretary of Finance Pedrosa, in a press interview in Baguio, stresses the need of extending the import control program "because we are just beginning to feel its salutary effects". To counteract the drain on foreign exchange reserves because of the excess of imports over exports, he urges three remedies: providing reserves for the purchase of imported goods necessary for rehabilitation, encouraging expansion of Philippine industries, and coordinating the policies of the Import Control Board with those of the Monetary Board of the Central Bank.

Aug. 30 — The President signs Executive Order No. 259 creating a Fire Prevention Board.

Aug. 31 — The President signs Executive Order No. 261 waiving the additional progressive taxes due from certain sugar mills from the 1948-49 crop, "either because they are now operating at a loss or are still heavily indebted and need assistance for rehabilitation". The Centrals listed are: Central Asturias, Central del Norte, Central Santos-Lopez, Luzon Sugar Company, Central Paniqui, Central Milling Co., Bogu-Medellin Milling Co., Central de Tarlac, Central Don Pedro, Hind Sugar Co., Ormoc Sugar Co., and Central Pasudeco.

Budget Commissioner Joven in his capacity as Chairman of the special Cabinet committee to evaluate existing surplus army property, announces that sealed bid for the purchase of all the remaining properties of this kind in possession of the Government will be received until September 15, 1949; the properties have been divided into 8 lots in accordance with the situation of the bases, and offers may be made for a single, several, or all lots.

## Weekly Changes in Retail Prices

Bureau of Commerce, Market Division

**M**INOR increases in prices of several native food commodities slightly pushed up the Bureau of Commerce Price Index to the 222.23 mark, up 0.59 point compared with the level prevailing a week before. As a consequence, the goods-exchange value of the Philippine peso which only last week reached a record high, was automatically reduced to 44.99 centavos compared with the pre-war (1941) peso.

Mainly responsible for the upswing of the index were marked increases in prices of eggs owing to lack of arrivals and seasonal decline in domestic production. Spearheading the upward movement were hen's eggs which recorded a conspicuous gain of 30 centavos at P1.70 per dozen, followed by increase of 10 centavos made by leghorn eggs at P2.50 per dozen. In sympathy with the rise in prices of hen's eggs, duck's eggs advanced by 10 centavos at P1.70 per dozen for either fresh or salted.

Except for a 25-centavo increment registered by Iapulu-lapu at P3.75 per kilo, prices of other fish item recorded decrements. Prominent among the downward movers in this group were apahap, dalag and shrimps.

Fresh vegetable items were generally steady. Only string beans and chayote registered changes; the former recording a drop of 2 centavos at P0.45 per kilo and the latter easing off by 3 centavos at P0.18 per kilo.

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