

The Business View

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

Office of the President of the Philippines

From an Official Source

MARCH 2—The Cabinet sustains the policy of using Philippine Naval Patrol ships to carry strictly government inter-island cargo, particularly cement from Cebu to Manila, but rules against permitting government officials and employees to ship personal goods by these vessels.

The Cabinet also approves an agricultural and industrial program to make the penal colonies self-supporting, including intensification of lumber and abaca projects at Davao and Iwahig, coconuts at Iwahig and San Ramon, and fishing at Iwahig; the machine and vehicle repair shop and the carpenter shop at Muntinglupa will be enlarged.

March 4—A Treaty on Academic Degrees and the Exercise of Professions and a Cultural Treaty between the Philippines and Spain are signed at Malacañan.

President Elpidio Quirino in formally bidding goodbye to Maj.-Gen. Albert M. Jones, military adviser to the Government, states that he is leaving on "an important mission" and will recommend to the United States Congress "certain measures which will bolster the defenses of the Philippines."

Secretary of Commerce and Industry Cornelio Balmaceda suspends Mrs. Felicidad Manuel as manager of the National Cooperatives and Small Business Corporation, pending investigation of charges brought against her involving neglect, misconduct, and misappropriation of funds.

March 5—The President and party leave Manila for Taguigarao to open the national inter-scholastic athletic meet. The President will also visit Aparri and Iligan.

March 6—Dr. Y. T. Pyun of Korea leaves Manila for Seoul carrying a note from the Philippine Government extending *de jure* recognition to the United-Nations sponsored Republic of Korea.

March 7—The National Economic Council brings to final form a draft resolution to implement the Administration's P200,000,000 development plan. It also reaffirms the President's decision approving the tax exemption requested by PRATRA only on such goods as are issued for relief.

March 8—The President returns to Manila and tells the press that an extension of the Manila Railroad Company line from San Jose, Nueva Ecija, to Bayombong, and eventually Aparri, will soon be begun.

March 9—Maj.-Gen. Hughes Casey, Chief Engineer of SCAP and former adviser to the National Power Corporation, calls on the President. He has been requested by the Power Corporation to assist its engineers and consultants in reviewing the power development program of the Government which he was largely instrumental in planning in its initial stages. He was accompanied by Filemon C. Rodriguez, manager of the Corporation.

March 10—Dr. A. J. Hermano, chemist of the National Development Company, calls on the President to submit a report of his studies of ramie manufacture in Japan, recommending large-scale development of ramie planting and manufacturing here. He was wearing a ramie suit made of cloth manufactured in Japan of ramie fiber imported from the Philippines.

March 11—Norris E. Dodd, director-general of the Food and Agriculture Organization of the United Nations, calls on

the President and assures him the FAO will give full support to Philippine efforts to speed economic rehabilitation. The President reiterates his desire to see foreign capital invested in the Philippines and states capital should not be disturbed by the present political agitation which is but a "passing cloud" and a part of the Administration's determined effort to establish a clean and honest government.

As a first step in the implementation of the Government's P200,000,000 development program, the Central Bank advances P469,200 to the Treasurer of the Philippines who will loan this amount to the National Development Company as first payment for the construction of three 10,000-ton ships to be built in Japan under the sponsorship of SCAP. When completed the ships will be operated in collaboration with the De La Rama Steamship Company of which Sergio Osmeña, Jr. is president.

Secretary of Finance Pio Pedrosa states that the operations of 13 government corporations during the 1948 fiscal year yielded P23,600,000 in profits (not including the net proceeds of P39,900,000 of such fund-raising agencies as the Surplus Property Commission, the Shipping Administration, and the Philippine Charity Sweepstakes), while 7 corporations incurred losses amounting to P9,900,000,—a net gain of P13,700,000.

March 12—The President, in addressing the annual convention of government health officers, states that the Philippines could easily support a population of 50,000,000 but emphasizes that what is needed is the organization of the country's man-power and the utilization of machinery and other equipment to increase production, thereby advancing the economy and raising the standard of living.

March 13—The President, in addressing a convention of Philippine contractors, urges them to hasten the completion of their contracts to meet the War Damage Corporation deadline and assures them that adequate credit facilities will be extended and "red-tape" difficulties will be attended to.

March 14—The Supreme Court rules that a quorum is one more than half of the total number comprising a legislative body present in the Philippines, thus upholding the election of Senator M. J. Cuenco as President of the Senate.

The President announces that the Government is prepared to lease or sell or place under private management—contract all the profitable government corporations and production projects with the exception of those concerned with prime necessities such as rice and corn; also, for the present, the cement plants. He states offers from private investors to buy the government lumber projects in Batangas and Agusan are now being considered.

March 15—The Council of State concurs in the President's newly announced policy to withdraw from industrial activities in favor of private enterprise. The President states the policy does not apply to public utilities and government financial institutions. The Council approves a suggestion by legislative leaders that Filipino investors, or corporations at least 60% Filipino, be given preference.

The President approves a National Economic Council plan to make immediately available P30,000,000 for income-producing projects in the top priority list and P35,000,000 more for the Rehabilitation Finance Corporation for financing private or government projects with top priority. These are parts of the P200,000,000 development scheme.

March 16—The President issues a proclamation making public the Consular Convention with the United States, and another extending the period for the Philippine National Red Cross fund campaign to April 15. He also issues an executive order amending section 4 of Executive Order No. 193 on Import Control, as follows:

"The Import Control Board shall fix the quota for each article in terms of quantities or total money values and shall allocate such quota, by authority of the President, to the importers duly registered for such article on the basis of their respective quantities or values of imports during the base period reduced in accordance with the percentages herein prescribed in Appendix "B": Provided, that the Board, upon request of an importer, may transfer his quota from one article to another."

Reported that the National Development Company board of directors is considering a number of offers for the purchase of government agencies, including the nail plant and textile mill, the Batangas lumber finishing mill, and the Agusan saw mill. The Board has decided to give other bidders up to March 31 to make their offers. It is indicated that M. Lowenstein Company, a large American textile distributor, originally of-

industrialization in this country will progress at a snail's pace; further, our industrial program may remain a perennial dream.

I want to thank you once again for the distinction you have conferred upon me tonight, and while realizing that a discourse on economics is unpalatable to some and uninteresting to many, I dared invite you into an examination of the state of the economic health of the nation in the hope that this promised land of ours may not continue to be unpromising.

I thank you.

ferred to buy the NDC textile mill during the Roxas Administration.

March 18—The Capital City Planning Commission, through its chairman, Juan H. Arellano, submits to the President a complete report on its work, including a program for the execution of various phases of the plan and construction estimates.

The President, at a Cabinet meeting, instructs both Secretary of Finance Pedrosa and Under-secretary of the Interior M. Roque to take "drastic steps" to eradicate reported abuses by tax collectors and other government agents who are said to be victimizing certain business establishments. The action followed charges made by Mrs. Gladys Savary in an article published in the *Manila Daily Bulletin* in which she stated that she sold the French Restaurant, famous Manila eating-house, because of allegedly irregular practices of tax collectors and other local officials.

March 19—The President appoints Eustaquio Balagtas, Director of the Bureau of Prisons, following the death, a few days ago, of Director Eriberto Misa. He names Pablo J. Norona, manager of the National Development Company rice-production project in Mindoro. The President also signs two bills, one appropriating \$33,698,988 to cover the deficiency in the current appropriation of the Bureau of Public Schools for the operation and maintenance of some 6,000 existing elementary classes, and another, appropriating \$12,000,000 for the adjustment of salaries of public school officials and teachers.

The President issues an executive order reducing government office hours during the hot season to 5 continuous hours from 8 a. m. to 1 p. m., April 1 to June 15.

Brig. Gen. Alberto Ramos, Chief of Constabulary, announces that his organization has taken over the guarding of the surplus army goods depots in line with recent instructions of the President. The measure was taken to check the extensive thievery and looting which exists.

March 21—President Quirino signs House Bill No. 1209 (Republic Act No. 344), eliminating the specific tax on skimmed milk.

The National Economic Council votes an initial sum of \$1,000,000 to the National Power Corporation for the Lumot power plant project on which work is set to start next month. In accordance with a request of the World Bank, the NPC will prepare a detailed report on the various auxiliary industries which may be set up in the vicinity of the proposed Maria Cristina hydro-electric power plant, as the Bank wishes to know whether the full power would be utilized. The Council also requested the Corporation to study the feasibility of erecting an oil refinery and an auxiliary fertilizer plant in Luzon against the contingency that the Maria Cristina project may be abandoned. The Council approves the release of a substantial sum to the National Coconut Corporation for start-up several projects, including a hard-board plant, copra-driers in the provinces, and the rehabilitation of the NACOCO food and soap factories at Alaminos, Pangasinan.

March 22—The President instructs Secretary of Justice Sabino Padilla to appoint a special prosecutor from among the senior officials in the Solicitor General's office to give his full time to prosecuting persons involved in illegal surplus property transactions.

March 23—Following a conference with Dr. Frank Waring of the War Damage Commission who recently suspended war damage payments in the provinces of Lanao and Cotabato because of anomalies discovered in the delivery and payment of the Commission's checks by post-office and municipal treasury officials, the President issues urgent instructions to Secretary of Justice Padilla and Secretary of Public Works and Communications Ricardo Nepomuceno to take immediate criminal and administrative action against the racketeering officials.

Reported that preliminary steps have been taken in the proposed sale of the Binalbagan-Isabela Sugar Company, a semi-government entity, to the National Federation of Sugar-cane Planters.

March 24—The resident instructs the Board of Regents of the University of the Philippines to reject all bids submitted for the construction of the library building at Diliman and to open a rebidding as soon as possible. This ends a long controversy over the legal aspects of the acceptance some time ago of the bid of G. E. Koster, Inc., which was challenged by one of the unsuccessful bidders. The President instructs the Board to take over the order for steel which had already been placed, and to eliminate this item in the new bidding.

March 25—Government officials and private businessmen meet in the Malacañan Council of State room to discuss the present state of the three principal Philippine industries—sugar, coconut and abaca, in the presence of William Gilmarino, one of two World Bank officials here to conduct a survey of these industries. It is brought out that the sugar industry has

filled 75% of its quota for this year, and that 90% may be filled next year and the full quota in 1951. Its main problems are the deciding on the ownership of individual quotas and their distribution to those with the capacity to produce, and a speeding up of war-damage payments. The NACOCO program for improving the quality of copra is discussed, and also the plants to spend \$500,000 toward the establishment of a wallboard plant and \$200,000 more for resuming the work on coconut by-products such as coco-honey, clear oil and floor-mats and other household articles out of coconut husk. The NACO representatives discuss the 5-year \$30,000,000 program for the rehabilitation of the abaca industry to regain the pre-war production of \$1,200,000 bales of hemp.

Secretary of Finance Pedrosa, speaking before a Manila Railroad Company worker's union convention, states that it is his aim to raise the wage standards and shorten the working-week to 5 days or 40 hours; but that this a long-range objective and that in the meantime it is necessary to increase the earning capacity of the Railroad and the efficiency of the workers. He states that President Quirino has authorized the 270-kilometer extension of the line to the Bicol and that a survey is now being made, and that the project will take 3 years and cost \$37,000,000. Speaking of the bonded indebtedness of the Company, he states it has not paid interest on its 1956 bonds since the outbreak of the war. When the lines were returned by the U. S. Army in February, 1946, only 483 kilometers were operable as against 1,189 before the war, and an equivalent of only 30% of the pre-war rolling stock was available. The Government granted the Company an accommodation loan of \$20,000,000. It lost \$2,400,000 the first year and \$1,400,000

(Continued on page 167)

Banking and Finance

BY F. C. BAILEY

National City Bank of New York

THE Central Bank having published its second monthly report as of February 28, 1949, it is possible to give the following comparative figures:

Assets	Pesos 000 omitted	
	January	February
International Reserve	714,969	648,758
Contribution to International Monetary Fund	30,000	30,000
Account to Secure Coinage	113,106	113,806
<i>Liabilities</i>		
Currency Circulation — Ntes	621,520	597,472
Currency Circulation — Coins	73,035	73,322

The decrease of P66,000,000 in International Reserves is partially due to lower receipts of War Damage funds and reflects the continued heavy purchases of cover for imports by the commercial banks.

While import and export statistics for February are not yet at hand, it is gathered from such information as is available that exports decreased substantially below the average of the past few months, resulting in a higher adverse trade balance and greater need for purchases from the Central Bank.

The Central Bank is organizing its statistical department and plans to publish periodically the reports on the Assets and Liabilities of the Manila Banks which, previously, were compiled by the Bureau of Banking.

There has been no change in the exchange rates quoted by the Central Bank, which continues to sell Dollars at P201 for Telegraphic Transfers, and P200.95 for checks.

Commercial banks are permitted to operate within the following rates:

	Selling	Buying
U.S. Dollars T.T. over \$500.00	P201.50	P200.50
U.S. Dollars Demand over \$500.00 ...	201.375	200.375
U.S. Dollars T.T. and Demand under \$500.00	202.00	200.00

Banks are presently quoting for prime business T.T. P201.50, Selling, and P200.75, Buying.

military occupant dictated within these limitations are obligatory upon the inhabitants of the territory, who are bound to obey them, and the laws of the legitimate government which have not been adopted, as well as those which, though continued in force, are in conflict with such laws and orders of the occupier, shall be considered as suspended or not in force and binding upon said inhabitants." (A. Laurel v. E. B. Misa, et al., G. R. No. L-409, pp. 3-4, minute resolution.)

"And in the case of *Haw Pia v. China Banking Corporation* we held that, under the rules of Public International Law, the right of the military occupant, in the exercise of his governmental power, to order the liquidation of enemy banks and the reopening of others in the occupied enemy territory, as well as to issue military currency as legal tender, has never been seriously questioned.

"In view of the foregoing, it is evident that the payment made by the respondent-appellee and accepted by the petitioner-appellant during the Japanese occupation in compliance with the said orders of the Japanese military occupant, can not be considered as made pursuant to a collective and general duress, because an act done pursuant to the laws or orders of competent authorities can never be regarded as executed involuntarily or under duress or illegitimate constraint or compulsion that invalidates the act."

OFFICE OF THE PRESIDENT

(Continued from page 152)

the second, but hopes to break even this year. He declares it would be to the interest of the bondholders to allow the Company to rehabilitate itself, but that if they are willing to make a compromise settlement, he believes President Quirino would be receptive. Before the war, he states, they offered to sell their bonds at 80%, but they are demanding 100% today.

Announced that the Central Bank will soon issue a new set of paper currency notes in denominations of from P1 to P500. They will bear the inscription, "This note is a liability of the Central Bank of the Republic of the Philippines", and another one, "This note is a legal tender in the Philippines, for all debts, both public and private".

The Cabinet names the delegation which will represent the Philippines at the Bangkok ECAFE conference, opening March 28, it being composed of I. Coscoluela, PRATRA manager, S.R. Mendinueto, Director of Commerce, Blas Gomez (textile engineer), and J. E. Velmonte (Central Bank).

Under-Secretary of Foreign Affairs F. Neri informs the Cabinet of the report that some 200 Chinese communist troops have occupied Ita Ala, 210 miles from Palawan, but outside Philippine territorial treaty limits. A 3-man U.S. Army grave-registration team made the discovery recently. President Quirino states that when he was Secretary of the Interior before the war he made representations to the United States recommending that both the Karafuto and Turtle Island groups be claimed for strategic and defense reasons; the latter group was ceded to the Philippines last year.

New Import Control Orders and Circulars

Official Sources

February 7, 1949

CIRCULAR 6 (Revised)

Licenses For Articles Used As Samples

Articles under control brought in or sent to importers or indentors in the Philippines as samples shall be allowed to come in without their being charged to quotas. The manner of clearing them is as set forth in Circular 8. There is no need of applying for a license beforehand.

Licenses For Articles For Personal Use

Articles under control for personal use and not for resale shall be allowed to enter the Philippines by mail, air or ship. The manner of clearing them upon arrival in the Philippines is as set forth in Circular 8. When the value of such articles does not exceed P200.00, no application is necessary at the time the order is placed. For orders above P200.00, an application to import the controlled articles must be filed with the Import Control Office so that the license number can be executed with the order and placed on the Consular Invoice as required by Executive Order No. 194.

When the controlled articles are to be brought in by passengers, the applications must be filed with the Philippine Consulates abroad.

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Rayon Price Limits

The price limits set for Rayon fabrics in Appendix "H" of Executive Order No. 193 apply to cloths of single width not to exceed 40". The price limits for cloths with widths over 40" are two times those of single width.

Chandeliers (Item 13.2)

For purposes of the Import Control Law, CHANDELIERS are defined as lighting fixtures with more than six (6) outlets for lights. Chandeliers with six (6) or less number of outlets are not subject to control.

Chandeliers made of cut glass are subject to control irrespective of the number of outlets.

(Sgd.) ERNESTO B. LEDESMA
Executive Officer

March 11, 1949

CIRCULAR LETTER No. 350

TO ALL COLLECTORS OF CUSTOMS,
CHIEFS OF DIVISIONS, MANILA
CUSTOMHOUSE, CUSTOMS BROKERS,
IMPORTERS AND OTHERS CONCERNED:

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