

The Business View

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

Office of the President of the Philippines

From an Official Source

FEBRUARY 1 — In ceremonies at the Manila South Harbor, Vice-President Fernando Lopez accepts on behalf of the Government a note from American Ambassador Myron M. Cowen signifying the formal transfer of the newly constructed Pier 9 from the United States Government. Speeches are made and Lt. Col. W. W. Ragland, district engineer of the U. S. Army Corps of Engineers which supervised the construction, congratulates and thanks the men who participated in the work.

Members of the Seattle Chamber of Commerce Trade Delegation, which arrived today, call on the Vice-President to pay their respects. Director Pablo Lucas of the Bureau of Printing has urged the immediate purchase of printing machines to replace those lost in the fire last year as the Bureau's present equipment is insufficient to cope with the growing volume of government printing; he also urges the training of some 200 new printers.

Feb. 2 — Vice-President Lopez and a party of foreign diplomatic officials in the Philippines emplane for a tour to Iloilo and other southern cities.

Earlier the Cabinet approves the draft of proposed legislation which would legalize and ratify the licenses and other fees and royalties collected by the Sugar Quota Office, claims having been filed by private parties for refunds because of the Supreme Court decision which invalidated Executive Order No. 192. The Cabinet authorizes the Surplus Property Liquidation Committee to negotiate a loan from the Rehabilitation Finance Corporation to pay all its outstanding obligations as there are enough receivables to guarantee the loan. The Cabinet further authorizes the Bureau of Coast and Geodetic Survey to receive the equipment and supplies which the Manila Field Station of the U. S. Coast and Geodetic Survey is expected to turn over to the Philippine Government.

The Department of Foreign Affairs announces that Minister Bernabe Africa, accredited to SCAP, has formally taken his seat as Philippine delegate to the United Nations Commission in Korea, taking the place of the former Philippine delegate, Dr. Rufino Luna.

Disclosed that Central Bank Governor Miguel Cuaderno sent a communication to the Vice-President urging the ratification of the International Wheat Agreement (deadline February 28); he states this would save the country over \$4,000,000 a year, as the Philippines would be entitled to the world-price level on the commodity which is estimated by experts to be about \$50 less per bag of 50 pounds than the free market price. President Quirino certified to the urgency of the ratification in a letter to the Senate some time ago.

Feb. 4 — Acting Foreign Secretary Felino Neri urges upon foreign policy leaders in the Senate the early enactment of an administration bill authorizing the President to conclude bilateral barter trade pacts with foreign countries as well as the speedy ratification of the International Wheat Agreement. Neri states that Japan is already enjoying the advantages of barter agreements which SCAP concluded with 19 different countries. Under the proposed legislation the President could not increase or decrease existing tariff rates by more than 50% and such treaties would be limited to a tenure of 5 years. "Any barter pact to be concluded would not affect any of the provisions of the Philippine trade agreement with the United States."

Feb. 6 — The Department of Foreign Affairs announces that India has formally given notice to the Philippines its desire to enter into a bilateral trade treaty.

Feb. 7 — Assistant Secretary of State for Far Eastern Affairs, W. W. Butterworth, arrives in the Philippines from Tokyo on his way to Bangkok to attend the conference of United States Far Eastern diplomatic officials to be held there beginning February 13, and confers during the day with Vice-President Lopez and Acting Foreign Secretary Neri.

Feb. 8 — Vice-President Lopez receives the members of the Seattle Chamber of Commerce World Trade Group.

Feb. 9 — In connection with a growing shortage in the circulation of silver coins, Vice-President Lopez states that Congress should immediately pass a measure punishing hoarders.

S. Wilson, retired U. S. Navy captain and Philippine war veteran, confers with the Vice-President to suggest the re-issue of notes to cover some ₱3,500,000 in notes burned by him in Lano in 1942 to avoid capture by the enemy, the burning being witnessed by the late President Manuel Roxas, then a USAFFE colonel, Andres Soriano, then a USAFFE major, and General Ford.

A delegation of the National Janitors and Watchmen Association of Manila calls on the Vice-President to petition for a raise in the minimum wage from ₱95 to ₱125 monthly which pay would be equal to that now received by janitors in the employ of the City of Manila.

Auditor General Manuel Agregado proposes the creation of a department in the auditing office for the auditing of government collections and of another department for the auditing of the accounts of government corporations.

Canadian Consul General Frederic Palmer in a radio-cast over Station DZFM, as a guest of the Foreign Office, states that two prerequisites in the attraction of Canadian investors here are (1) an internal climate favorable to foreign investment, and (2) no impediment to the transfer of foreign earnings out of the country. A favorable climate should possess the following features:

"Political stability, a sound budget, definite absence of nationalization of foreign assets, a reasonable tax structure, non-discrimination in the treatment of foreign and domestic capital, and a favorable record in the treatment of foreign investment in the past."

Consul General Palmer also indicated that his Government does not contemplate entering into a bilateral trade agreement with the Philippines. He said that Canada's trading policy is based on "multi-lateralism", and he emphasized that in recent years Canada has "successfully resisted all appeals from other countries to enter into bilateral arrangements".

Feb. 10 — Secretary of Finance Crispin Llamado issues a statement in reply to certain charges made by Senator L. Tañada, stating that the Philippines is "up-to-date in the payment of annuities and interest on its bonded obligations". The Department of Foreign Affairs addresses a note to the Chinese Embassy expressing "Philippine concern over the alleged practice of Chinese nationals, particularly those living in Batangas, to hoard Philippine coins and to spread 'false rumors that the Philippine peso will be devalued'."

"It is therefore suggested in the interest of preserving the cordial relationship between the Philippine Government and the Chinese nationals in the Philippines that the Chinese nationals be advised to desist from the practice referred to above."

Feb. 11 — President Elpidio Quirino returns to Manila from the United States where he underwent a successful operation for kidney-stone. In a brief address to those who came to greet him at the airport, he refers to the talks he had with President Truman, first at tea at Blair House and later at a White House conference, and reveals that he—

"received assurances of America's continued concern toward the Philippines and of effective support in its efforts to secure economic stability and national security."

Feb. 13 — Announced that the present policy of the Rehabilitation Finance Corporation of granting loans for real estate and building construction will be changed to a policy of granting loans primarily for economic development projects, as decided upon at a conference between President Quirino, Secretary of Finance Pio Pedrosa, RFC Chairman Delfin Buencamino, and Budget Commissioner Pio Joven.

Feb. 14 — President Quirino issues Executive Order No. 302, amending Executive Order No. 227, to exempt from the Import Control construction materials needed for the completion of government projects financed by war damage funds.

The President addresses a communication to Congress urging the passage of legislation to punish coin hoarders.

Announced that the President's Action Committee on Social Amelioration is extending assistance to some 20,000 people who have had to evacuate some 30 barrios of San Pablo City, Laguna, because of outlaw depreations.

Feb. 15 — The President informs the Council of State that he has—

"an understanding with President Truman that a Commission representing experts from both the United States and the Philippines would soon be established to promote closer and mutually beneficial economic collaboration between the two countries."

He also tells the Cabinet he will name a commission shortly to advise him on the general reorganization of the government and of government corporations. He states he proposes—

"the closest possible liaison and coordination between the Executive and Legislative Departments of the Government to assure maximum beneficial results during this session of Congress."

Under-Secretary of Foreign Affairs Neri, correcting press dispatches from Bangkok which referred to President Quirino's South-eastern Asia Union proposal as an "Asian anti-Communist pact", states that there has been no change in the basic objectives of the SEAU as enunciated by the President,—"political, economic, and cultural collaboration."

"President Quirino has emphatically announced time and again that the Philippine idea of an association of democratic countries in this part of the world is based on regional peacetime cooperation and completely devoid of any military connotation."

[Brig. Gen. R. B. Lovett, U. S. Veterans Administration manager, reveals that ₱110,975,373.02 in veterans benefits were distributed in the Philippines during 1949, including death compensation and pensions to dependents of deceased servicemen, disability compensation and pension to disabled veterans and their families, and readjustment and rehabilitation benefits to veterans in school or in job training. The number of payees registered at the end of the year was 66,044. Altogether, the total USVA payments through the Manila Regional Office since its establishment in 1946 approaches ₱250,000,000.]

Feb. 16 — Secretary of Education Prudencio Langcaon reports to the President that his Department proposes the transfer of the support of intermediate grade schools to local governments and the levying of a specific school tax to meet the cost. It is also proposed to return to a seven-grade system. From the present six-grades, and to abolish the double single-session program.

S. N. Eisenberg, President of Eisenberg & Co., Inc. with head offices in Tokyo, calls on Vice-President Lopez in the latter's capacity as Chairman of the Government Enterprises Council, in connection with plans to set up a ramie industry here.

Feb. 17 — President Quirino issues Executive Order No. 303 "calling upon every inhabitant of the Philippines and mobilizing all government agencies and instrumentalities for the intensification of the national food production campaign".

Secretary Neri expresses Philippine satisfaction over the decision of the Australian Government permitting Sergeant Lorenzo Gamboa to enter Australia. Gamboa, married to an Australian woman, was last year refused permission to join his family there.

Feb. 18 — Vice-President Lopez, in a speech before a meeting of fishery technicians at the Manila Hotel, scores the rampant use of dynamite in fishing here, declaring that this "illicit practice is a wanton destruction and spoliation" of the country's fishery resources.

Feb. 19 — Secretary of Agriculture Mapa announces that emphasis will be laid on increased production of local coffee and fruit in the present food production campaign.

Feb. 20 — President Quirino signs the instruments of ratification of the International Wheat Agreement which will guarantee the Philippines a fixed quota of flour and entitling the country to the world price estimated to be \$5.50 less per 50-pound bag than the free market price.

Feb. 21 — The Cabinet approves a list of priorities in the allocation of dollar exchange prepared by a special committee composed of Secretary of Commerce and Industry Balmaceda, Secretary of Agriculture and Natural Resources Mapa, Secretary of Public Works and Communications Sanidad, Under-Secretary of Finance Llamado, Budget Commissioner Joven, and Central Bank Governor Cuaderno. It also approves the recommendation of this committee to limit the disbursement of dollars this year to the actual receipt of dollars from exports, from United States payments and expenditures here and from other inward remittances. The list includes items for food, shelter, clothing, medicines and medical supplies, education, for increasing exports, transportation, and for other industries, including industrial chemicals and machinery and materials for paper manufacture, the canning industry, household articles, soft drinks, etc.

President Quirino assures a group of rice producers that the purchase price of *palay* paid by the National Rice and Corn Corporation will remain at ₱1 a cavan. The NARIC desired to suspend further purchases unless the price was lowered to ₱0.90.

The President directs the Department of Public Works to notify all architects designing government buildings to make use of locally-made items whenever possible.

Feb. 22 — Secretary of Commerce and Industry Balmaceda states that a press interpretation that the issuance of the exchange priorities schedule is an "effort to salvage the rapidly deteriorating Philippine economy" is not justified.

"Since the imposition of controls last December, the rapid drain on the country's dollar resources has been checked, and Central Bank officials say that the immediate danger of further drain on these reserves is now comparatively remote as a result of the existing controls. . . . Central Bank economists estimated that during 1950 the expected total receipt of foreign exchange is about \$85,000,000. As of December 31, 1949, Central Bank dollar reserves amounted to \$230,000,000. Not desiring to reduce this level of reserves, the Central Bank felt that in the preparation of the foreign exchange budget, total disbursements should be limited to the estimated receipts of \$85,000,000. This amount is by no means negligible. It represents more than one-third the value of our previous yearly disbursements of foreign exchange. It gives adequate allowance for the financing of government development projects, raw materials imports for existing factories, necessary remittances for invisibles, as well as merchandise import of controlled and uncontrolled articles.

The Department of Public Works announces that the construction of a permanent grandstand on the New Luneta will begin soon. As the whole structure, seating 10,000 people, would cost ₱800,000, only the central portion, costing ₱250,000, will be built at this time.

Feb. 23 — Announced that the Department of National Defense is considering the feasibility of establishing a small-arms and a small-arms ammunition plant.

Feb. 24 — Secretary of Agriculture Mapa informs the Cabinet that tests made in the manufacture of bags for *ateyuf* have been very successful, and that such bags as a substitute for jute bags from India could save the country ₱15,000,000 annually.

The Cabinet directs the Department of Foreign Affairs to lodge strong representations with the International Refugee Organization for the removal of the remaining refugees from Guiuan, Samar, —2,348 people of some 6000, most of them White Russians, sent there from China for temporary refuge. The departments of the Interior and of National Defense are also instructed to exercise more vigilance against the illegal entry of aliens which has increased since the intensification of the civil war in China.

Feb. 25 — President Quirino reported to have issued a proclamation setting aside 549,120 square meters of land owned by the People's Homesite and Housing Corporation along Timog Avenue, Diliman, Quezon City, for the site of the veterans' hospital to be constructed from United States Government funds.

Feb. 28 — President Quirino officially welcomes the foreign Junior Chamber of Commerce delegations which have arrived here to attend the Fifth World Congress of the organization to be held in Manila and Baguio, March 1 to 8. The group is headed by Theo Star, of Brussels, President of the J. C. International.

The President issues Administrative Order No. 109 creating a commission to assist the President in the reorganization of the different executive departments, bureaus, and other entities of the Government, including the corporations owned or controlled by it; the Commission is composed of Ramon Fernandez, Chairman, and Luis P. Torres, Pio Joven, Jose Paez, Teofilo Sison, H. B. Reyes, Pablo Lorenzo, Aurelio Montoliva, and Jose Gil, members.

Vice-President Lopez asks approval of a ₱1,000,000 overdraft for the National Tobacco Corporation to be used for purchase of native leaf tobacco, agricultural and other machinery, and the construction of curing barns and warehouses.

Banking and Finance

By R. E. RUSSELL

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COMPARATIVE Statements of Conditions of the Central Bank:

	As of Jan. 31, '49	As of June 30	As of Dec. 1	As of Jan. 31, '50
	(In thousands of pesos)			
ASSETS				
International Reserve	₱714,969*	₱641,617*	₱460,689	₱442,432
Contribution to International Monetary Fund	30,000	30,000	30,000	30,000
Account to Secure Coinage	113,106	113,306	113,306	113,306
Loans and Advances	—	—	77,047	83,374
Domestic Securities	—	9,739	92,197	96,774
Due from Treasurer of Philippines	—	7,626	—	—
Other Assets	19,320	22,681	20,390	25,248
	₱877,395	₱824,969	₱793,629	₱791,136
LIABILITIES				
Currency: Notes	₱621,521	₱534,425	₱555,576	₱540,749
Coins	73,035	74,283	74,384	74,723
Demand Deposits: Pesos	169,351	135,438	117,682	128,571
Dollars	—	40,649*	—	—
Securities Stabilization Fund	2,000	2,000	2,000	2,000
Due to International Monetary Fund	—	22,499	22,498	22,497
Due to International Bank for Reconstruction and Development	—	—	2,389	2,389
Other Liabilities	1,488	2,128	2,636	2,942
Capital	10,000	10,000	10,000	10,000
Undivided Profits	—	3,537	6,464	7,161
	₱877,395	₱824,969	₱793,629	₱791,136

CONTINGENT ACCOUNT
Forward Exchange Sold ₱ 6,460 ₱ 6,460

*NOTE: The Demand Deposit liabilities in U. S. Dollars are deposits of the Treasurer of the Philippines which temporarily are being kept in foreign currency. These amounts are included on the Asset side as part of the International Reserve.

A COMPARISON of the monthly statements of the Central Bank of the Philippines reveals a further drop in the International Reserve of over ₱18,000,000. It had been hoped that the implementation of the Exchange Control regulations would accomplish a reversal, not merely a slowing of the downward trend which was so abrupt during September, October, and November of 1949. The full impact of the more stringent import control regulations which came into force on December 1 was not reflected in January/February import figures. The back-log of