

CENTRAL BANK
OF THE
PHILIPPINES



BANGKO SENTRAL NG PILIPINAS



BSPBK0009476

FIRST ANNUAL REPORT
1949

**RESPONSIBILITIES AND OBJECTIVES
OF THE CENTRAL BANK**

"IT SHALL BE THE RESPONSIBILITY OF THE CENTRAL BANK OF THE PHILIPPINES TO ADMINISTER THE MONETARY AND BANKING SYSTEM OF THE REPUBLIC.

"IT SHALL BE THE DUTY OF THE CENTRAL BANK TO USE THE POWERS GRANTED TO IT UNDER THIS ACT TO ACHIEVE THE FOLLOWING OBJECTIVES:

"(a) TO MAINTAIN MONETARY STABILITY IN THE PHILIPPINES;

"(b) TO PRESERVE THE INTERNATIONAL VALUE OF THE PESO AND THE CONVERTIBILITY OF THE PESO INTO OTHER FREELY CONVERTIBLE CURRENCIES; AND

"(c) TO PROMOTE A RISING LEVEL OF PRODUCTION, EMPLOYMENT AND REAL INCOME IN THE PHILIPPINES."

--Section 2, Article I, Republic Act No. 265

Central Bank of the Philippines
MANILA

OFFICE OF THE GOVERNOR

March 30, 1950

His Excellency, Elpidio Quirino
President of the Philippines
Baguio City

Your Excellency:

Pursuant to the provision of Section 37 of Republic Act 265 and the instructions of the Monetary Board, I have the honor to submit herewith the first Annual Report (1949) of the Central Bank of the Philippines.

Very respectfully,

A handwritten signature in dark ink, appearing to read 'M. Cruz', followed by a horizontal line.

Governor

Central Bank of the Philippines
MANILA

OFFICE OF THE GOVERNOR

March 30, 1950

Honorable M. Jesus Cuenco
President, Senate of the Philippines
Manila

Sir:

Pursuant to the provision of Section 37 of Republic Act 265 and the instructions of the Monetary Board, I have the honor to submit herewith the first Annual Report (1949) of the Central Bank of the Philippines.

Very respectfully,

A handwritten signature in dark ink, appearing to read 'M. Cuenco', written in a cursive style.

Governor

Central Bank of the Philippines
MANILA

OFFICE OF THE GOVERNOR

March 30, 1950

Honorable Eugenio Perez
Speaker, House of Representatives
Manila

Sir:

Pursuant to the provision of Section 37 of Republic Act 265 and the instructions of the Monetary Board, I have the honor to submit herewith the first Annual Report (1949) of the Central Bank of the Philippines.

Very respectfully,

A handwritten signature in dark ink, appearing to read 'M. Cruz', followed by a horizontal line.

Governor

CENTRAL BANK OF THE PHILIPPINES

THE MONETARY BOARD

Hon. Pio Pedrosa

Secretary of Finance

Hon. Miguel Cuaderno, Sr.

Governor, Central Bank of the Philippines

Hon. Vicente Carmona

President, Philippine National Bank

Hon. Delfin Buencamino

Chairman, Board of Governors
Rehabilitation Finance Corporation

Hon. Jose Yulo

Hon. Antonio De Las Alas

Hon. Rafael Corpus

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LEGAL DEPARTMENT:

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AUDITING DEPARTMENT:

Gregorio Licaros Auditor

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FOREWORD

Among the significant events of 1949 were the establishment of the Central Bank and the consequent fundamental change that took place in the country's monetary system. A modern currency system administered by the Central Bank replaced the dollar exchange standard whose excessive rigidity retarded economic reconstruction and development. Under the old system, the domestic supply of money responded primarily to the ebb and flow of foreign trade. The government had no means of regulating supply for the purpose of reducing fluctuations in the level of domestic activity. Under the new system, the availability and cost of money can be geared to the demand for it thus facilitating the implementation of much-needed rehabilitation and development programs in order to stabilize the country's balance of payments position and to maintain the standard of living of the people continuously at a high level.

Developments during the year proved the efficacy and timeliness of the monetary and banking reforms. The lending capacities of the Rehabilitation Finance Corporation and the Philippine National Bank were increased enabling these institutions to extend further aid in support of rehabilitation and development projects. Temporary cash requirements of the government, which were needed to meet pressing public services, were effectively met. Capital requirements of numerous productive projects implemented by government enterprises were supplied. The unstable balance of payments position, due primarily to the heavy importation of non-essential consumption items, was brought more forcefully to the attention of the public and correctives applied. A description of all these developments and of the actions taken relative to them in the monetary field is the principal content of this report.

In a country without a well established body of tradition in the field of monetary administration and central banking, the solution of policy problems is by no means easy for the monetary authorities. In order that they may formulate sound policies and receive wide public support in carrying these out, they have to arrive at a clear understanding of the problems to be solved. This requires painstaking research and the use of adequate and reliable statistical aids. The report shows the results of Central Bank efforts in this regard, in cooperation with government agencies, other banks and the business community. It is hoped that this report will pave the way for a better appreciation of the measures being

taken by the monetary authorities to discharge their primary responsibilities of maintaining monetary stability within the country, preserving the international value and convertibility of the peso and promoting orderly growth in production, employment and real income. There are many signs indicating that the Philippine economy is basically sound and that there are still rich opportunities for its developing greater virility. With a growing public consciousness of and interest in needed fiscal and monetary measures, there is every reason to hope that these objectives can be successfully achieved.

RECOMMENDATIONS

One of the assumptions on which the prospects outlined in the succeeding section are based is that appropriate policies would be adopted and that they would be pursued vigorously. The following measures to stabilize finance, increase the level of production and income, avoid further inflation, and in general improve the economic position, are recommended:

1. Curtailment of unnecessary or postponable Government expenditures. Overhauling of the tax system for the purpose of insuring effective collection of taxes and of increasing tax revenues on the basis of ability to pay without unduly discouraging production.

It is necessary that deficit spending be reduced to the minimum, if not eliminated, in order that this source of pressure may not intensify inflationary trends that already exist.

2. Limitation of development expenditures for the time being to projects that could reasonably be expected to increase in the near future the country's productive capacity.

In spite of the pressing necessity for restoring a continuously stable equilibrium in the balance of payments, it should be borne in mind that the capacity of an underdeveloped economy to absorb large aggregates of development capital without generating internal inflationary strains is usually limited. While a certain measure of expansion in purchasing power via development expenditures may often exert a stimulating effect on other sectors of the economy, such expansion need be timed carefully and its magnitude regulated in the light of the prospective level of money income and the proportion of this that is siphoned off in taxes, public borrowing and savings activities. In the period that we face there appears to be ground for believing that because of the cut on imports, the deflationary effect that they used to exert in past years would be neutralized. On the other hand increased activity in the export industries, in existing industries producing for a larger domestic demand, in enterprises dependent on United States Government payments and in new enterprises that the controls have spawned should, after a brief interval, support money income at continued high levels. In this situation excessive spending through whatever avenue — including development projects — could precipitate dangerous inflationary developments. Too rapid a rate of economic development has already produced its crop of inflation, currency depreciation, increased living and production costs, lower consumption levels and social unrest in some countries at a development stage similar to ours. While the Bank recognizes that a measure of inflationary risk might be an un-

avoidable accompaniment of the execution of the economic development program, it urges nevertheless that at this stage the noticeably growing interest in the procedure of government borrowing from the banking system for long term development projects should not be permitted to eventuate into hasty decisions to draw upon the slender resources of banks for financing all such optimistic plans as may be tabled before the authorities.

3. Because also of its great inflationary effects at this time, new credit extended to finance purely consumption activities should be curtailed. Selective credit extension, primarily to support productive activities that clearly increase exports or reduce the country's import bill, would not only be less open to criticism for being inflationary but would also contribute to the effective utilization of the relatively limited funds available for investment that exists in the banking system.

The government has already declared the need of austerity as a national policy. By eliminating what is clearly excessive and conspicuous consumption, the pressure for importation of non-essential and luxury consumption goods and consequently the need for quantitative trade controls could be very much minimized. Furthermore, a reduction of such consumption would lead to an effective increase in the portion of income that could be saved and made available for investment in the development of the country. Ways and means, therefore, should be sought to implement effectively the policy of austerity.

In relation to the extension of credit for productive purposes it is highly desirable that greater coordination be secured between credit operations and industrial and agricultural extension work. The value of properly conducted extension activities in improving management practices has been clearly demonstrated in other jurisdictions. They contribute very materially to the efficient use of credit.

4. Apropos of the problem of inflation and funds for economic development no efforts should be spared in encouraging an increase in the effective rate of saving. It is often said that the main deterrent to the local execution of any investment program worthy of the name is the lack of capital. For the requirements of the initial years at least of such a program, the problem has probably been misstated. There is reason to believe that it is not so much the lack of capital as of the means for effectively mobilizing the capital sterilized at present in individual and corporate hoards in order that it may be channelled into productive investment as well as the inefficient utilization of such capital as is available, that blocks the path to progress. It is recognized that the task of increasing savings is by no means easy. However, it should be given the greatest impetus possible via the extension of banking facilities, educational campaigns in the use of small town facilities such as the Postal Savings Bank and streamlining of the structure and procedures of this institution, the further develop-

ment of the insurance habit, encouragement of sound cooperative credit organizations, building and loan associations, an intensive and extensive bond selling campaign as soon as practicable, and the enlargement of the scope of operations of stock exchanges and similar institutions.

It is imperative that all the available financial resources of the economy be marshalled immediately and deployed into productive investment. For this purpose public and private financial institutions should collaborate closely in working out a plan of establishing rural credit institutions the facilities of which would be adequate to meet the needs of the region they are to serve and which would effectively tap the idle liquid capital existing therein. The existing laws affecting rural credit institutions should be restudied and their establishment and growth encouraged with the assistance of government financial institutions.

Finally, it must be emphasized once again that the overriding problem of restoring a continuing and stable equilibrium at a high level in the balance of payments — equilibrium at a point which allows for a growing standard of living — is one that requires for its effective solution coordination of the highest order among monetary, fiscal and banking policies. Without such coordination, neither of these branches can hope to achieve any significant success in the solution of the problem.

5. Formulation of a comprehensive price control system that would effectively put a ceiling to price increases.

6. Re-examination of the tariff system, with a view to raising more revenue, encouraging domestic production, and increasing trade with non-dollar areas.

7. Formulation of a comprehensive import control scheme which would place every import item under a licensing system, thus avoiding over-importation of so-called essential articles.

8. A more intensive canvas of markets in non-dollar areas and diversion of some trade to these areas through the medium of trade agreements.

9. The study of incentives to further boost agricultural production and the production of export industries. It is interesting to note that if the volume of coconut oil exports, sugar, abaca and cordage, minerals and metals (even excepting gold and chromite), lumber and logs, and tobacco and manufactures (not to mention other exports), were to increase to their prewar levels, the additional proceeds at current prices would suffice to bring about stable balance in the country's international receipts and payments even if United States Government payments should decline from their present high levels to an aggregate of \$40 million and assuming that imports are kept within the limits envisioned by existing control regulations. More agricultural experiment stations should be created and staffed with adequate personnel so that the benefits of scientific information would reach a large number of farmers.

10. Special attention to and encouragement of home industries that are based primarily on labor power, requiring the use of relatively small amounts of power tools, and adjusted to the peculiar conditions of each locality to the end that continuous and stable employment may be provided for seasonally unemployed labor especially in the agricultural areas.

11. The promotion of continuous stability in labor-management relations through the formulation and application of well-defined principles for solving differences between capital and labor in order to encourage long-term investment in new basic industries and promote a high level of economic development.

12. The study and institution of an effective scheme of incentives to encourage migration to sparsely settled communities.

PROSPECTS FOR 1950

The economic prospects for this year are not as gloomy as is commonly inferred from the fact that control measures have been imposed and that an austerity program has been announced. The following forecast appears reasonable at present, given continued public cooperation.

A. Balance Of Payments

The economy's foreign receipts and disbursements can be balanced and the international reserve maintained at the existing level, provided there is complete cooperation between the public and the Government in the implementation of control measures now in force.

The following estimate of foreign receipts and disbursements for 1950 was derived by converting the data available for the first quarter on an annual base and making some minor adjustments.

ESTIMATE OF FOREIGN RECEIPTS AND DISBURSMENTS FOR 1950 (In Millions)

RECEIPTS

Merchandise Exports	\$243.7
Freight and Insurance	4.0
Gold	2.5
Services	5.7
Tourism	6.1
U. S. Government Expenditures	218.2
Other Foreign Government Expenditures	1.2
Investment Remittances	9.4
Donations and Contributions	28.1
Miscellaneous	16.4
	--
TOTAL	\$535.3

DISBURSEMENTS

Merchandise Imports	\$426.1
Freight and Insurance	42.1
Services	15.6
Travel and Educational and Maintenance Expenses	12.0

Philippine Government Expenditures	3.2
Investment abroad, withdrawals of investment, earnings and profits ...	13.6
Donations and Contributions	6.1
Miscellaneous	18.4

TOTAL \$537.9

DEFICIT \$ 2.6

In reading the statement, the following qualifications should be taken into account:

a. Import arrivals during the first quarter of 1950 would not reflect the cuts prescribed by the latest import control regulations since these regulations did not actually affect quotas until after December, 1949. Consequently import figures during the first quarter of 1950 are probably higher than they would be if they came under Executive Order 295, as amended. The data for April and May would probably be distorted also by the fact that quotas for the first quarter of 1950 were not allocated by the Import Control Board until late in February. Under the Executive Orders it was estimated that a cut of approximately ₱430 million would be effected from the import levels of 1948, bringing down total allowed imports to ₱740 million. This is lower by ₱112.2 million than the import estimate above. If the expected cut should be fully realized there would be a further reduction in payments by ₱112.2 million which would turn the small deficit estimated into a substantial surplus.

Imports as estimated above is over three times the five-year average (1937-1941) of prewar imports amounting to \$127 million. In physical volume they should exceed the 1937 imports by about 15 percent. Because of the controls the pattern of imports during 1950 should be radically different from the pattern of previous years. Where before the war, and even more so during the postwar, imports were preponderantly consumption goods, a large portion of which were definitely non-essential, in 1950 they should consist largely of production goods such as machinery, raw materials, factory supplies, fertilizers, and essential consumption goods. Only a negligible amount of non-essentials should come in during the year.

b. Exports receipts during 1950 are estimated in the above statement at a little lower than the preceding year. This is probably conservative (inspite of further declines that may occur in copra prices and the dullness of trade in coconut oil) because of the encouraging production trends in sugar, abaca, minerals, and other export industries noted elsewhere in this report.

Note: Estimated on the basis of current foreign exchange statistics and existing control policies.

c. A substantial decline in United States Government payments during 1950 is anticipated. War Damage payments which at present constitute the biggest item of United States Government expenditures in the Philippines, will be limited during the balance of the life of the War Damage Commission to the funds unpaid to claimants, which as of December 27, 1949 stood at about ₱284 million for private claims and about ₱41 million for public claims.

The exchange controls appear to have maintained international reserves up to March 31, 1950 at about the level at which they stood on December 8, the day before controls were imposed. While this is encouraging, it should not give rise to undue optimism. It will be noted that the import figures do not reflect reliably as yet the effect of the latest import control regulations and consequently there is no way of gauging the effectivity of those regulations. Proceeds from exports have been running at substantially the same rates as last year's with no visible improvement. United States government payments still account for a very substantial proportion of total receipts. The balance, therefore, that is being struck currently between receipts and payments is not a continuing and stable balance as yet. Moreover it is a balance that has been arrived at within the frame-work of control and is not a free balance. The growth of exports as well as of the production of those things that will substantially reduce imports are the only final solutions to the disequilibrium that still exists in our balance of payments position. The real test of the control regulations still lie in the periods ahead.

B. Production

The over-all production level will probably increase as a result partly of the control measures and partly of the basically rising tempo of rehabilitation. Production is expected to increase in a number of export industries. Increases are also expected in the production of food crops to the point of near self-sufficiency. There will probably be an increase in secondary industries and also continued prosperity for the service activities.

C. Shortage In Consumption Goods And Cost Of Living

Shortages in many articles for consumption will impose a certain degree of sacrifice especially on the upper and middle income groups. There will have to be curtailment of luxury spending, travel abroad, and other comforts. On the other hand, with a larger production of foodstuffs, it is hoped that the workers' cost of living as well as the cost of living of other low income groups will be maintained at the present level, notwithstanding the big reduction in imports. The principal items which enter the workers' cost of living, such as rice, corn and other cereals, vegetables, and fish are likely to increase in production volume. Shortages are anticipated in articles not usually consumed by the worker. It is to be hoped that price increases which are even now occurring in imported articles do not communicate themselves eventually to domestically produced items.

D. Price Increases

The large reduction in imports (especially of non-essential articles) is expected to increase their retail prices. The prices of uncontrolled import articles and those produced locally may be expected not to follow the rise in prices of controlled articles until later — the time lag depending on how close a substitute they are of these articles. Increases in the prices of some essential articles may also occur due to psychological factors. By the large, however, the prices of essential articles are expected to remain firm, and price decreases in some articles especially foodstuffs might even be possible.

E. Money Income

During the first half of the year, money income may decline because of the expected decrease in United States expenditures and the curtailment of the import business. It is hoped, however, that this decline would be partially offset towards the end of the year by greater domestic production. The imposition of control measures appears to have encouraged the establishment of new enterprises, especially those producing goods which are subject to control.

Because of the curtailment of the import business commercial credit is expected to decline temporarily. After a time this decline in bank credit will perhaps be offset by an expansion of production credits.

F. Stability of the Peso

As a result of the check applied to the drain on the international reserve, the threat to the stability of the peso has been greatly minimized. Although certain disruptive practices, such as blackmarketing in dollars and other subterfuges to circumvent the control regulations are still practiced, public cooperation as a whole has improved, indicating greater confidence in the currency and greater public adjustment to measures taken to safeguard its integrity.

G. Pattern and Flexibility of the Economy

Partly as a result of the control measures and partly because of other post-war developments, a more balanced economy is beginning to evolve. The increase in food production and the expected increase in the production of manufactured goods tend to improve the pattern of the economy, making it less dependent on foreign supplies. The soundness of an economy is at times indicated by its ability to meet changing conditions without suffering from breakdowns or undue disruptions in production, exchange, and economic activities in general and by its capacity to maintain the standards of living of the population as part of its adjustment to change.

The belief that the Philippine economy is basically sound is strengthened, though tentatively by the outcome so far of recent experience. The crisis which occurred in early December, 1949 which put to the test the integrity of the cur-

rency, could have precipitated a disaster. Had dollars continued to flow out in substantial volume in spite of the control measures, had the controls precipitated widespread speculation not only in dollars but also in land, jewelry, and consumption goods, had the situation induced inflation of unmanageable proportions, there would be no ground for continuing to entertain the belief stated above. The experience of the first three months of 1950 however indicates tentatively that the economy is viable and could weather drastic changes. The reserves have been maintained, and price increases have not yet been very onerous on the whole. Instead of being irreparably disrupted, it appears that economic activity is beginning to shift ground and resources are exploring new investment outlets with less timidity. The people's faith in the currency has firmed after being rudely shaken by grave doubts about its soundness.

Much of the credit for this ability to weather a major crisis is due to the civic spirit and sound common sense of the people. The people accepted both import and exchange controls as necessary concomitants of the government's program to base domestic activity on firmer foundations. Those who grumbled were the few that were not willing to make temporary sacrifices for the country's good. The same small group can probably be held responsible for illegal dealings in dollars, coin hoarding, and other attempts to circumvent the laws and regulations.

The economy today is probably more balanced than before the war. The concentration of resources in the production of exports before the war led many to be dubious about the future of an independent Philippines. The occupation and changes brought about by the war compelled the people to give more attention to industries for the home market — particularly the production of foodstuffs. In spite of profitable trade in exports many of the prewar export industries have not yet been fully rehabilitated; and while this fact may be deplored, there is reason to believe that this was partly due to preference for production of foodstuffs and other domestic needs, a shift which strengthened rather than weakened the economy.

While the adoption of the control measures may reduce temporarily standards of living, the economy should eventually achieve a more balanced position and the dividends that would accrue from the new and expanded activities should in time amply attest to the wisdom and the worth of present economic policy.

CHAPTER SUMMARIES

II. *INTERNATIONAL RESERVE AND BALANCE OF PAYMENTS.* —

The international reserve decreased from \$420 million at the beginning of the year to \$259 million at the end, or a decline of \$161 million (P322 million). The declines were biggest during the first and fourth quarters. During the first quarter, the primary cause of the drop was the heavy trade deficit. During the last quarter, this factor accounted for only two thirds of what would have been the total drop if there were no U. S. government payments, the other third being due to non-trade payments. For the whole year the trade deficit amounted to P817 millions. Non-trade remittances exceeded non-trade receipts (excluding United States expenditures) by P152 million. United States expenditures were estimated at P647 million, P30 million smaller than the preceding year. At the rate the reserve had been declining, especially during the first days of December, it would have been exhausted in at most eight months had no controls been imposed.

III. *INTERNATIONAL TRADE.*—The postwar pattern of international trade has been characterized by the following salient features:

(a) A tremendous increase in the total value of trade compared with prewar;

(b) A substantial decline in the volume though not in the value of exports and a substantial increase in both volume and value of imports;

(c) A persistent excess of imports over exports and financing of the trade deficit with funds made available under United States aid program and government disbursements.

(d) An adverse balance of trade with the United States as compared with the large prewar positive balance. In 1937, 57 percent of imports and 81 percent of exports were with the United States. United States participation in exports in 1949 declined 12 percent under 1937 but its share of the Philippine import trade rose by nearly 25 percent over 1937;

(e) Exports to the region within the jurisdiction of the Economic Commission for Asia and the Far East were somewhat more in volume and a little more than five times more in value than prewar. Imports from the area were about three times the prewar value but smaller in volume.

In 1949, Japan accounted for 5.54 percent of total export trade, ranking second to the United States. Exports to Japan were twice the prewar average

value. Imports were reported at amounts less than half of prewar imports but this is probably a marked understatement of the correct amount.

(f) Exports to countries within the jurisdiction of the Office for European Economic Cooperation, other than the United Kingdom, amounted to about four times the prewar value. France was the single most important market for Philippine products, especially copra, among these countries. Imports from them amounted to a little over half the average prewar imports. There are indications that their demand for Philippine agricultural products has become less active and the orientation provided by the International Emergency Food Council has relaxed.

(g) The sterling area, including the United Kingdom, continued to have an insignificant share in the total postwar trade.

(h) Before the war six commodity groups — sugar, coconut products, fibers, tobacco and tobacco products, lumber and embroideries — comprised approximately 90 percent of all shipments abroad excluding gold. Sugar accounted for 42 percent of total export earnings. The postwar trade on the other hand has been characterized by the emergence of copra as the leading export. In 1949, sugar made a remarkable recovery, exports amounting to nearly double the volume for 1948. Copra declined by 10 percent from the volume of 1948. The quantity of abaca exported in 1949 decreased by 15.7 percent under 1948. Lumber exports in spite of tremendous production, amounted only to 22.6 million board feet in 1949 as compared with 54 million in 1937. The value of leaf tobacco exports increased by two million pesos in 1949 but its total contributions was insignificant. Trade in base metals attained new export records in 1949. Chromite exceeded the prewar value. Manganese reached prewar levels although its export value is less than 1948. Iron ore production in 1949 increased more than twenty times the 1948 level although it was only 30 percent of 1940. Copper exports in 1949 were 69.7 percent more than 1948 and double 1940.

The postwar pattern of imports differs essentially from the prewar only in that its volume was 1-1/3 times bigger and consumption items claimed a much larger share of the total. Textiles accounted for more than one-fourth of total imports. Foodstuffs, beverages and tobacco together represented another fourth. The share of machinery and equipment in total imports declined from a prewar average of 25 percent to 10 percent in the postwar years. The imposition of trade controls account for a slight shift of purchase from non-essentials and luxuries to capital goods. Among the controlled items tobacco and manufactures appear to be the most affected. The over-all import level declined only by approximately 4 percent from 1948.

(i) The round of currency devaluations which followed the devaluation of the British pound on September 18, 1949, did not appear to have affected adversely the 1949 trade of the Philippines. A slight over-all decrease both in

imports and exports for countries with devalued currencies was registered in 1949 but this could not be traced clearly as being due to the devaluations. Some concern, however, is still felt about the prospects of copra, lumber and base metals.

(j) During the year 1949 imports amounted to ₱1,122 million (exclusive of freight and insurance) and exports, to ₱520 million. Imports were lower than 1948 by ₱50 million and exports, by ₱116 million.

IV. PRODUCTION.—There has been a great increase in the production of almost all products (with the notable exception of copra and abaca) during 1949, compared to 1948. However, production of major export commodities has not yet reached prewar levels. Some coconut products increased substantially over prewar, but the production of sugar, abaca, gold, tobacco and tobacco products lagged behind prewar levels. Production of food items increased in volume by 11 percent over 1948, a level that is 13 percent above 1938. The rate of increase in building construction tapered off during 1949. Transportation registered continued growth during the year in all departments — rail, road, sea and air.

V. PRICES.—The retail price index declined steadily from 286.6 in December, 1948 (1941 = 100) to 250.1 in November, 1949. In December, the index started to climb to 256.5 and this trend continued up to February, 1950.

An almost steady decline also occurred in the cost of living index in 1949; starting from 410.2 in December, 1948 it declined by 40.7 points to 369.5 in December, 1949. Since January, 1950 the index began to climb and by February stood at 377.7.

The wholesale price index of domestic products decreased during 1949 by 74.1 points (from 477.4 in December, 1948 to 403.3 in December, 1949).

VI-A. MONEY SUPPLY.—During 1949 money supply declined by ₱157 million, the decline being heaviest in the first and last quarters of the year. A slight increase of ₱1 million over the level in the second quarter was recorded in the third. The ratio of international reserve of the National Treasury/Central Bank (excluding the holdings of other banks) to money supply declined from 64.1 percent in January, 1949 to 44.5 percent in December of the year. There was a change during the year in the relative proportions in total money supply of notes and coins in circulation and peso demand deposits, the latter accounting for a lower percentage than the former at year's end.

The decline in money supply during the first and second quarters was due primarily to the heavy trade deficit. During the third and fourth quarters it was due to this factor and the heavy non-trade payments. Had no other influences been at work, money supply would have declined due to them by ₱312.2 million. Other banks accounted for an additional contraction of ₱51.1

million in spite of a net expansion in loans, discounts and overdrafts of ₦34.2 million because of a heavy drop in security investments, a large increase in other liabilities, and substantial increases in savings and time deposits. A substantial amount was added by Central Bank credit operations and government fiscal activities, mostly during the third and fourth quarters of the year. It appears however that these were not the principal factors that made effective the demand for the high level of imports during the year.

Currency issue declined by a net of ₦261.7 million, exchange transactions accounting for a drop of ₦286.4 million, credit operations, for an increase of ₦169.3 million, deposit liabilities of banks with the Central Bank, for a decrease of ₦140.2 million, and other transactions, for a decrease of ₦4.4 million.

B. EXCHANGE POLICY AND OPERATIONS: GOLD

Total foreign exchange acquired by the Central Bank from various sources amounted to \$103.8 million and total foreign exchange sold to different buyers reached \$244.2 million. Forward contracts to sell which were entered into after October 13, 1949 reached a total of \$3.73 million by the end of the year.

Regulations governing importation and exportation of gold which were issued by the Secretary of Finance in 1947, were continued by the Central Bank until December 9 when the licensing system embodied in the Exchange Control regulations was extended to cover all gold transactions including domestic dealings. On January 10, 1950 this was modified to require sale to the Central Bank of at least 25 percent of the gold content of all gold and/or gold bearing metals extracted during the preceding calendar month, starting with the December, 1949 output, at ₦70 per ounce, 0.999 fine.

During 1949, the Central Bank prescribed its buying and selling rates and those of the other banks in such a manner as to reduce the range of fluctuation in exchange rates (which before the Bank's establishment lay between ₦201.50 — ₦204.75 per \$100.00) to within the limits prescribed by International Monetary Fund regulations. The last revision of rates made on June 23 (amended on June 28) was intended to improve the competitive position of banks and to channel a larger portion of inter-bank exchange transactions through the Central Bank.

A flexible system of controls was imposed on all exchange transactions on December 9, 1949. The basic policies guiding control operations are:

- (1) A proper apportionment of the allowable dollar remittances among various purposes through a flexible system of foreign exchange budgeting;
- (2) Channelling of foreign exchange available for financing imports to the most essential requirements by a scheme of import priorities;
- (3) Reduction and counteracting of inflationary tendencies inherent in controls through supplementary measures; and

- (4) Encouragement of the establishment or expansion of dollar-producing and dollar-saving industries.

C. CREDIT POLICY AND OPERATIONS. — Reserve requirements which were in force prior to the establishment of the Central Bank were continued with minor changes in the nature of savings and time deposits. The reserve ratio for foreign currency deposits was set at 10 percent. As of the end of December, 1949 excess reserves which do not include cash in bank vaults stood at ₱51 million. At the level on December 31 excess and potential reserves could cover an expansion in deposits of more than ₱500 million.

Selective credit control was imposed on November 17, 1949 restraining bank credit for the importation of specific groups of luxury and non-essential goods. A cash margin of 80 percent was required on all letters of credit covering the articles specified under the order, and banks were prohibited from releasing shipping documents covering such articles except upon payment in cash. The data available is not conclusive on whether there has actually been a credit contraction due to selective credit control. During October and November, 1949 customers' liability acceptances expanded by ₱5 million and ₱12 million, respectively, though imports maintained practically the same level. This may indicate that there was a growing tendency for importers to use the credit facilities of banks. On the other hand, since the data on customers' liability acceptances do not distinguish between acceptances covering controlled and uncontrolled items, a decrease in acceptances covering the former may have been offset by those covering the latter. Acceptances declined by ₱23 million during December.

During 1949, the Central Bank granted loans under Sections 87, 95 and 137 of the Central Bank Act. Under Section 87, it advanced to the Philippine National Bank the amount of ₱84 million, ₱44 million of which was liquidated before maturity date with Rehabilitation Finance Corporation bonds. This advance was secured by various collaterals in conformity with the provisions of said section. Under Section 95, the Central Bank granted a provisional overdraft line to the Treasurer of the Philippines for ₱44 million, which was within the 15 percent of average annual income for the last three years of the National Government, as required by law. As of December 31, ₱37,046,838.83 of this amount has been withdrawn. Under Section 137, the Central Bank granted direct to the National Government various loans for economic development projects pursuant to a resolution of the National Economic Council, subsequently approved by the President, which authorized the release of ₱65 million from time to time during 1949 to finance rehabilitation and development projects in the economic development program. Of this amount, ₱35 million was allocated to the Rehabilitation Finance Corporation. The total amount of loans granted during the year reached ₱54,046,450.80 against which interim rehabilitation and development bonds were received by the Central Bank. A little more than ₱5 million of

these bonds were subsequently sold by the Central Bank to three private commercial banks. During the year also, pursuant to the provisions of Republic Act 245, the Central Bank issued for tenders accepted by the Secretary of Finance, Treasury bills amounting to ₱1 million which were placed at formal bidding and awarded to the Bank of the Philippine Islands.

D. BANKING PROGRESS. — In 1949 there were thirteen banks operating in the Philippines, nine of which operated 30 provincial and city branches, 53 provincial or district agencies and 3 overseas branches and agencies. Before the war there were 17 banks in operation.

Aggregate assets of banks, after growing rapidly during the three years since liberation, decreased during 1949 by approximately ₱188 million. Deposit liabilities decreased by ₱107 million from the level of 1948 due to heavy withdrawals from the deposits of public funds and from private demand deposits. This was partially offset by an increase in savings and time deposits amounting to ₱35 million. Bank credit, after a steady expansion since banks resumed postwar operations, registered only a slight increase in 1949. Loans, discounts and overdrafts increased by ₱27 million but a heavy reduction in security investments occurred primarily because of the sale to the Central Bank of Philippine National Bank holdings of Rehabilitation Finance Corporations bonds.

The total debits to checking accounts which passed through the clearings during the year represented an increase of 11.85 percent over the previous year. Banks' gross earnings declined by ₱2.6 million and total expenses increased by ₱1.4 million as compared with 1948 but their net earnings were higher by ₱2.1 million in 1949 because of the amortization during 1948 of war losses. Central Bank regulation of exchange rates and a minor decrease in the volume of foreign transactions resulted in reducing income from foreign exchange during the year under review such that this type of income accounted for 21.7 percent of gross earnings in 1949 as compared with 38.2 percent in 1948. Interest and discounts on loans contributed the largest share in gross earnings accounting for 48.1 percent in 1949 compared with 38.1 percent in 1948. The ratio of banks' earning assets to total assets increased by 9.7 percent over 1948 and the ratio of total earning assets to total deposit liabilities increased by 14.4 percent compared with 1948.

Total capital accounts of domestic banks exceeded capital required under the law as of December 31, 1949 by ₱6.745 million.

VII. PUBLIC FINANCE.—During the six-month period from January to June, 1949 (no data for the second half), the National Government incurred a deficit in the General Fund amounting to ₱112,521,326.40 resulting from the excess of expenditures amounting to ₱276,081,813.08 over income of ₱163,560,486.68. Total expenditures of the combined General, Special and Bond Funds amounted

to ₱306,780,350.10 against total income of ₱209,610,745.17, resulting in a deficit in the three funds amounting to ₱97,169,604.93.

The public debt outstanding at the end of 1949 amounted to ₱666,969,210.93 against ₱609,642,627.83 in 1948 or an increase of ₱57,326,583.10. The increase is due to the issuance of Rehabilitation and Development bonds, amounting to ₱54,046,450.80. Treasury bills in the amount of ₱1,000,000 and a net increase in Rehabilitation Finance Corporation borrowing of ₱2,921,900. From this should be deducted redemptions of municipal bonds amounting to ₱170,000 and long-term loans of ₱471,767.70.

Of the total public debt, bonded indebtedness amounted to ₱241,539,550.80 and non-bonded obligations to ₱425,429,660.13; direct obligations amounted to ₱612,313,110.93 and guaranteed obligations to ₱54,656,100; domestic debt amounted to ₱434,802,210.93 and foreign debt, to ₱232,167,000.

There was no default in the payment of either principal or interest, except on bonds issued by the National Power Corporation which requested postponement of payments on interest in arrears during the occupation. This corporation is up to date in payments of current interest. The Sinking Fund amounted to ₱134,081,965.58, which is in excess by ₱7,321,346.07 over the required fund of ₱126,760,619.51.

Per capita debt burden amounted to ₱33.86 against estimated per capita income of ₱229, or about 15 percent of the latter.

VIII. *FINANCIAL CONDITION AND OPERATIONS OF THE CENTRAL BANK PER AUDITOR'S REPORT*.—As of December 31, 1949 the Central Bank had total assets of ₱793,108,460.62 against total liabilities of ₱776,644,277.28. The balance consists of capital—₱10 million, and undivided profits—₱6,464,183.34. The international reserve of the Central Bank amounted to ₱460,688,975.49 and its total demand liabilities, to ₱772,528,966.75, or a ratio of 59.6 percent. Gross income of ₱8,409,630.75 was realized and expenses of ₱1,945,447.40 incurred leaving a net income of ₱6,464,183.34 which is subject to distribution according to the terms of Section 41 of the Central Bank Act.

I. INTRODUCTION

A. Conditions Prevailing at the End of 1948

General Statement of Problems. At the time the Central Bank was organized, the Philippines was confronted with four major inter-related economic and financial problems. Foremost among them was the slow rehabilitation of many of our major industries, such as abaca, sugar, and tobacco. Although the over-all production level appeared to approach prewar, production in several important agricultural and mining industries was running substantially below the prewar level. The rapid growth in population intensified the problems stemming from the slow recovery in production.

Paradoxical though it might seem, the lag of production behind population growth did not precipitate a depressed business activity. There was every appearance of prosperity artificially supported by the large United States disbursements and the extraordinarily high prices paid for the country's exports. The windfall of dollars resulting from these factors was being dissipated however in extremely large imports of non-essential items. The unfavorable balance of payments position resulting mainly from this excessive expenditure of foreign exchange was the second major problem of the country at the beginning of 1949.

The inflationary pressure generated by high money incomes and inadequate domestic production was being suppressed primarily by the flood of imported goods. How to reduce imports and at the same time keep within check the inflationary forces at work was the third important problem. Tied up to this but sufficiently important to be segregated as a fourth problem was that of bringing about a balance between government income and expenditures in the face of increasing urgent demands for various governmental services.

1. *Levels of Production and Population Increase:*

Four years after the end of the war, with a population increase of around 25 percent over prewar, over-all production levels appeared to be still slightly short of prewar. Recovery among the different activities appeared very uneven.

At the end of 1948, most agricultural products, with the exception of copra and corn, were still being produced at levels well below prewar. Abaca production was only about 69 percent of the 1939 level; timber about 78 percent of the 1940 level; sugar, 63 percent; and leaf tobacco, 47 percent. Rice production during 1948 approached prewar (about 97 percent of 1940); corn production slightly exceeded prewar 1938. Copra production on the other hand exceeded prewar levels by a big margin.

In mining, recovery was also slow, except for certain base metals. Gold production in 1948 was only 29 percent of 1937. Chromite and manganese, however, were being produced at levels far exceeding prewar. Iron ore production started only at the end of the year.

In manufactures, there seem to have been an exceptional increase in many items, some of which were the products of practically new industries. Some old manufacturing industries, however, such as coconut oil, and cigarette manufacture were producing at levels only about 50 percent of prewar.

The most spectacular recovery occurred in construction. Total value of construction during 1948 was about 10 times that of 1940. The volume is probably no less than 3 times the prewar figure.

Cement production during 1948/49 advanced 12 percent from 1947/48, but was still short by 5 percent of the 1940/41 level.

2. *Business Prosperity and the Balance of Payments:*

In spite of a generally lower physical output, the country enjoyed a prosperity never before attained. There was a high level of money income, no evident lack of basic necessities, and a conspicuously high consumption of luxuries and non-essentials. The boom was financed by two money flows — the large United States Government expenditures including war damage payments, veterans' pensions, army and navy expenditures, etc., and the large receipts from the country's postwar exports.

In spite of the smaller postwar volumes, total receipts from exports in 1948 amounted to ₱635.6 million or twice the prewar value which in 1940 amounted to ₱311.8 million. Copra alone accounted for total receipts of ₱309.4 million in 1948 against ₱18.8 million in 1940; desiccated coconut exports amounted to ₱57.5 million in 1948 compared with ₱7.4 million in 1940; and coconut oil brought in ₱40.7 million in 1948 compared with ₱19.7 million in 1940. Despite much lower postwar production, the value of abaca exports during 1948 (₱60.3 million) was more than double the value in 1940, (₱25.4 million); sugar which was just beginning to be rehabilitated accounted for total exports of ₱44.3 million, compared with ₱94.5 million in 1940. These large receipts from exports were due to the high prices paid for them. In 1948, the composite index of wholesale prices of exports was 386 compared to 100 in 1937. All the major export crops commanded prices over three times prewar figures.

Postwar money incomes were greatly augmented by United States expenditures which in 1948 amounted to ₱677.7 million, and to over ₱2 billion between 1945 and 1948.

The instability of the base on which postwar prosperity was built caused grave concern among leaders of the country. If only the high money incomes fostered a high rate of capital formation, or an accumulation of foreign ex-

change holdings, there could have been no ground for concern at all; United States expenditures and high export receipts could have been utilized for building a more solid production base both for domestic consumption and for export. This was not the case, however. During the period from 1946 to 1948, deficits in the balance of payments aggregated ₱574 million (if the budgetary loan of ₱120 million were excluded among the receipts). This three-year deficit more than wiped out the surplus of ₱512 million built up during 1945. In 1947 and 1948, merchandise imports exceeded ₱1 billion per year. This represented dollar disbursements nearly four times the foreign exchange disbursements of any prewar year. Imports consisted mainly of consumption goods, a large part of which represented non-essentials and luxuries instead of goods necessary for the rehabilitation and development of industry and agriculture. It has been estimated that capital goods would not exceed 10 percent of total imports during these years.

3. *Inflation, Prices and Cost of Living*

The third major problem that needed vigilant watching was the trend in postwar prices and the cost of living. In 1948, the wholesale price index averaged 478 (1937 = 100), representing an increase of nearly 20 points over the average of the preceding year (459). The wholesale price index of domestic products average 517 during 1948, while that of export products was 422. The wholesale price index of domestic products, while still very high, had already declined from the peak of 895 registered in 1946.¹

Retail prices showed a rapid decline since 1945. From an index of 876 in 1945 (1941 = 100), they declined to 507 in 1946, to 306 in 1947 and to 292 in 1948.

The cost of living index for wage earners in Manila declined more slowly than either of the above indices. From 776 in 1945 (1937 = 100), it dropped to 585 in 1946 to 434 in 1947, and to 410 in 1948. Prices of foodstuffs were still high during 1948, registering an index of 437. This, however, represented a big decline from the peak of 945 in 1945. It was recognized that the moderate and orderly deflation which has been going on since 1945 was desirable, not only to improve the living conditions of wage earners but also to reduce cost of production. The cost of living was regarded as still relatively high especially the cost of food. Much of the decline in all the indices especially in retail prices, had been the effect of heavy imports of consumption goods and, to a small extent, of an increase in domestic production. The cost of living of wage earners indicated that the heavy imports did not have as large a deflationary effect on workers' living costs as on that of other groups in the country. The slower rate of decline in workers' cost of living may be attributed to some extent to the scarcity

¹ No data available for 1945.

of supplies, mostly of domestic origin, which constitute the bulk of their everyday requirements. The inadequate production of commodities for domestic consumption is exemplified by rice production in 1948. Although it had reached 97 percent of the prewar total, the population increase of 25 percent held per capita share down at a lower level. The production of meats, fruits, and vegetables was also below prewar levels.

In spite of the declining trend in prices, the situation could be considered inflationary. Money supply as of December 31, 1948 stood at P1,194 million, the highest ever reached at any period prewar or postwar (exclusive, of course, of the Japanese occupation). It was higher than the December, 1945 level of P1,120 million. That the inflation has not been too patent is due to heavy imports. But while inflation is being checked by this factor, the international reserves are being drained heavily without the necessary amount of increase occurring in production.

4. *Deficit Financing*

The fourth major problem which faced the country was how to make it possible for the government to live within its income. Since liberation, the government had been operating on a deficit, financed partly by a budgetary loan from the United States, amounting to P120 million and partly from surplus outstanding when the Philippine Government took over from the occupation authorities. This surplus was being gradually depleted by annual budgetary deficits, and it was feared that the drain might exhaust the liquid funds of the government, disrupt normal government activities and impair its credit standing.

As early as 1946, the Government has been attempting to solve this problem by instituting tax reforms and intensifying revenue collections. The increment in revenues, however, although encouraging, was still inadequate to finance the much increased expenditures made necessary by the ravages of war and the added responsibilities of an independent existence. The restraint which the government had exercised since 1945 in desisting from financing budget deficits through the issuance of fiat paper is worth nothing. When, in anticipation of a deficit in spite of a budgetary loan, the Joint Philippine American Finance Commission recommended that the Government issue paper currency guaranteed by the United States Exchange Stabilization Fund, the Government considered it inadvisable to adopt such a measure.

B. The Establishment of the Central Bank: Objectives And Instruments of Action

These were the problems that faced the country at the beginning of 1949, when the Central Bank was inaugurated. Under the provisions of the Central Bank Act, the principal objectives of the Bank are to maintain monetary stability

within the Philippines, preserve the stability of the international value of the peso and its convertibility into other freely convertible currencies, and promote orderly growth in production, employment, and real income. To achieve these purposes, the Central Bank was vested with the following instruments (monetary) of action: operations in gold and foreign exchange and control of the receipts and disbursements of foreign exchange, lending to banks and to the government, open-market operations, control of bank reserves through the imposition of minimum requirements and regulation of lending operations of banks. In addition, the Bank was designated fiscal agent of the National Government. How powerful these instruments could be was amply demonstrated last December 9, 1949, when exchange controls were imposed, and still earlier, on November 17, when selective control of credit was prescribed. These are powers not ordinarily exercised unless emergency conditions make their use imperative. The conditions that impelled their exercise are the subject of separate discussion in other parts of this report.

Limitations of Central Bank Action

The country's economic problems cannot, however, be solved by monetary measures alone, powerful though these may be. The balance of payments problem, for example, would require a coordinated attack on various fronts. It would require: firstly, congressional action sanctioning the principle of trade control and laying down basic policies; secondly, Executive decision from time to time as to what constitutes articles essential for the physical wellbeing of the people or necessary to prosecute the economic development program; thirdly, strict, fair, impartial and flexible administration of the control regulations; fourthly, a determined and energetic execution of existing plans for improving the operation and increasing the production of dollar saving and dollar earning industries. A review of the tariff, the imposition of high taxes on luxuries, the negotiation of trade agreements with areas other than the United States, determined efforts to bring a balance between government income and expenditures by increasing revenues and eliminating non-essential expenditures — all these together constitute the solution to the balance of payments problem. Basic to all these is a high degree of administrative competence and the greatest measure of co-operation from the people.

Unless synchronized with positive action on the part of other government agencies, and supported in full by the public, Central Bank action cannot contribute effectively to the solution of any major economic problem. Even Central Bank lending operations for development projects may be of no avail in raising the country's level of productivity and income if the funds made available are not utilized wisely, the work on projects planned carefully, and plans pursued earnestly and vigorously. Nevertheless, its limitations notwithstanding, Central

Bank action can help create a financial environment favorable to the attainment of a more stable, balanced, and progressive economy.

C. Resume of Developments During 1949

1. Balance of Payments and International Reserve:

Although it has been developing for some time past, the deterioration of our balance of payments position did not arouse wide public concern until 1949. The factors that appeared responsible for the rapid depletion of the international reserve during the year were:

(a) Decrease of ₱116 million in export receipts from the level of 1948 due mainly to a decline in export prices, which in the case of copra, the leading post-war export, also led to a reduction in volume.

(b) Inadequate production of some export industries and of other products for the domestic market.

(c) Reduction in expenditures of United States Government agencies in the Philippines from \$338 million (₱677 million) in 1948 to \$324 million (₱647 million) in 1949. The principal item which showed a decrease was the expenditures of the United States Armed Forces. War damage payments and disbursements of the United States Veterans Administration increased, the first from \$112 million (₱224 million) in 1948 to \$177 million (₱354 million) in 1949, and the second, from \$35 million (₱70 million) in 1948 to \$59 million (₱118 million) in 1949, or a combined increase of \$89 million (₱178 million).

(d) Total imports during 1949 (\$561 million or ₱1,122 million) amounted to almost the same as 1948 imports (\$586 million or ₱1,172 million) despite import controls.

(e) Heavy non-trade payments during the third and fourth quarters of the year.

Measures to Combat Depletion of the Reserve:

The rapid drain in the international reserve, which by September 30, 1949 had gone down to \$314 million (₱628 million), after declining during the preceding nine months by \$106 million (₱212 million), made it clear that nothing short of drastic measures would be adequate to cope with the situation. The successive measures — the selective credit control regulations prescribed by the Central Bank on November 19, Executive Order No. 295 (as amended by Executive Order No. 297) issued on November 29 imposing more rigid controls over imports of non-essentials, and the Exchange Control Circular issued by the Central Bank on December 9 were the consequence.

All these orders had the immediate objective of conserving the dollar reserve. The objective of selective credit control was to discourage importation of luxury and non-essential items by requiring an 80 percent cash margin for

letters of credit, thus putting foreign trade transactions on certain articles practically on a cash basis. Executive Order 295 (as amended by Executive Order 297) increased not only the percentage cuts on controlled articles but also the number of items placed under control. Exchange control was instituted for the purpose of checking extraordinary non-trade payments; incidentally, it also helped implement the import controls, by regulating the available exchange for those articles which were not covered by Executive Order 295 as amended.

The Stability of the Peso:

The drastic character of these measures encouraged the erroneous impression that the peso has declined in value and started rumors about its impending devaluation. The existence of a blackmarket in dollars, which allegedly sold at rates ranging from ₱2.50 to ₱2.80 per \$1 lent credence to these rumors. Since sufficient dollars are available in the Central Bank and other banks for all essential imports and for legitimate and reasonable non-trade remittances such as those for education, necessary travel, dividends, interest on capital, and even capital withdrawals, the blackmarket in dollars must have arisen because of the demand of those who intended to remit funds abroad for purposes and for amounts in excess of those authorized. The action of these parties was inimical to the best interests of the economy.

In spite of the heavy drain on the international reserve, the Central Bank preliminary foreign exchange budget for 1950 contemplates the sale of dollars not only for essential imports, priorities for which had been decided by the Cabinet in a meeting held February 10, 1950, but also for some additional materials and equipment necessary to increase local production and rehabilitation.

One should not be lulled however into believing that no threat exists to the stability of the peso. If present import and exchange controls should fail to limit the outflow of dollars to the amounts contemplated by the regulations and production should fail to increase appreciably, further drafts on the reserve will result that might eventually prevent the country from meeting dollar demands even for essential imports. Here lies the grave danger to the stability of the international value of the peso and ultimately to its domestic stability. The reduction of imports in the face of continuing high money incomes might lead to overall price increases that may retard increased production. All efforts therefore should not be spared in keeping prices in check and in not adding to the volume of the money supply except for truly productive expenditures. Even here the critical consideration is the rate at which such expenditures should be made. There is constant need of maintaining a desirable balance between the rate at which economic development expenditures is being made and the rate of saving for such expenditures.

2. *Other Developments:*

(a) *Production.*—The attention focused on the balance of payments problem

and the danger to the stability of the currency overshadowed many important developments in the economy. Total agricultural production increased during the year. Most of the major agricultural products, with the exception of copra and abaca, registered production increases. The greatest increase occurred in sugar where the level achieved was almost double that of 1948.

Palay production in 1949 already exceeded prewar totals by about 3 percent; corn production by 22 percent; copra *resecada* by 34 percent (there was however a reduction as compared with 1948). Centrifugal sugar production, in spite of the big increase, is still only 70 percent of prewar. Abaca declined from the 1948 level, which is 49.5 percent of prewar, to 37 percent of prewar 1937. There were also increases in manufacturing and mining. In the case of the latter, iron ore showed the most spectacular recovery by exceeding the prewar level. Gold production increased over the preceding year but was still only 39 percent of prewar.

The rehabilitation of railway transport has been slow due to keen competition with road transport. The length of single track railroad during 1949 was still 79 percent of 1941, the number of passenger coaches, 63 percent and freight cars, 97 percent of prewar. Freight motor trucks on the other hand increased more than 2-1/2 times the prewar number and passenger buses increased by about the same rate. The length of first class roads increased more than 21 percent over 1940. Interisland shipping also showed a considerable increase in activity. During 1949, the aggregate net tonnage of registered interisland vessels had risen 2.3 times of 1940, with an average clearing of 5.7 million tons from various ports. In air transport, an expansion of activity was experienced in both passenger and cargo departments.

(b) *Prices*.—The deflationary trend continued during 1949. The wholesale price index declined from 478 in 1948 to 415 in 1949, (1937 = 100); the retail price index, from 292 to 261 (1941 = 100); and the cost of living index, from 410 in 1948, to 385 in 1949 (1937 = 100). Food costs declined from 437 in 1948 to 405 in 1949 (1937 = 100). This deflation is due to: (1) continuing large volume of imports; (2) increased domestic production; and (3) decrease in world prices.

The deflationary trend is likely to reverse itself during the year 1950 because of the effect of control measures. Already for the first two months of 1950, a slight upward trend in prices has been evident. The extent of price increases during the year 1950 will depend a great deal on the soundness and effectivity of measures which may be adopted to combat them.

(c) *Money Supply*.—The deflationary trend during 1949 was reflected in the decline of money supply. (P1,037 million at year's end compared to P1,194 million at the beginning.) The decrease would have been much larger had it not been for the loans and advances made by the Central Bank to the Govern-

ment and the latter's disbursements from accumulated cash balances in special funds.

(d) *Deficit Financing*.—The government incurred a deficit in the general fund during the fiscal year estimated by the Budget Statement at around ₱150 million which was financed largely from previously accumulated cash in the Treasury, especially from the special funds. During 1949, around ₱37 million was advanced by the Central Bank to the Government under the Central Bank Act provision for advances up to 15% of the average annual budgeted income during the preceding three years.

(e) *1950 Developments*.—During the first months of 1950, indications were that the deterioration in the international reserves has been checked and that the public's confidence in the currency has been substantially restored.

II. INTERNATIONAL RESERVE AND THE BALANCE OF PAYMENTS

A. INTERNATIONAL RESERVE

The Central Bank is vested by law with the duty of preserving the international stability of the peso and its convertibility into other freely convertible currencies. To this end Section 68 of the Central Bank Act provides that:

"...the Central Bank shall maintain an international reserve adequate to meet any foreseeable net demands on the Bank for foreign currencies.

"In judging the adequacy of the international reserve, the Monetary Board shall be guided by the prospective receipts and payments of foreign exchange by the Philippines. The Board shall give special attention to the volume and maturity of the Central Bank's own liabilities in foreign currencies, to the volume and maturity of the foreign exchange assets and liabilities of other banks operating in the Philippines and, insofar as they are known or can be estimated, the volume and maturity of the foreign exchange assets and liabilities of all other persons and entities in the Philippines."

The composition of the international reserve was defined by Section 69 as follows:

"The international reserve... may include the following assets:

"(a) Gold; and

"(b) Assets in foreign currencies in the form of: documents and instruments of types customarily employed for the international transfer of funds; demand and time deposits in central banks, treasuries and commercial banks abroad; foreign government securities with maturities not exceeding five years; and foreign notes and coins."

1. *Source of Initial Reserve—*

The initial international reserve of the Central Bank aggregating \$371,113,304.55 came from the dollar assets of the Exchange Standard Fund and the Treasury Certificate Fund of the National Treasury. Upon liquidation of the Exchange Standard Fund, as required by Section 134 of Republic Act No. 265, the dollar assets turned over to the Bank amounted to \$3,756,826.34 consisting of \$2,372,268.10 due from United States depositories, \$1,360,621.08 in gold bullion deposited with the United States Mint in San Francisco, and \$23,937.16 notes and coins. The dollar balances acquired from the Treasury Certificate Fund, pursuant to Section 135 of the same Act, amounted to \$367,356,478.21 held on deposit with the United States Treasury, \$255 million on time deposit and the balance on demand deposit. Although the official assumption by the Bank of these assets was effective January 3, 1949, actual transfers to the account of the Central Bank of some of them were not effected until later.

2. *Dollar Balances of the National Treasury and Its Movement Before 1949*

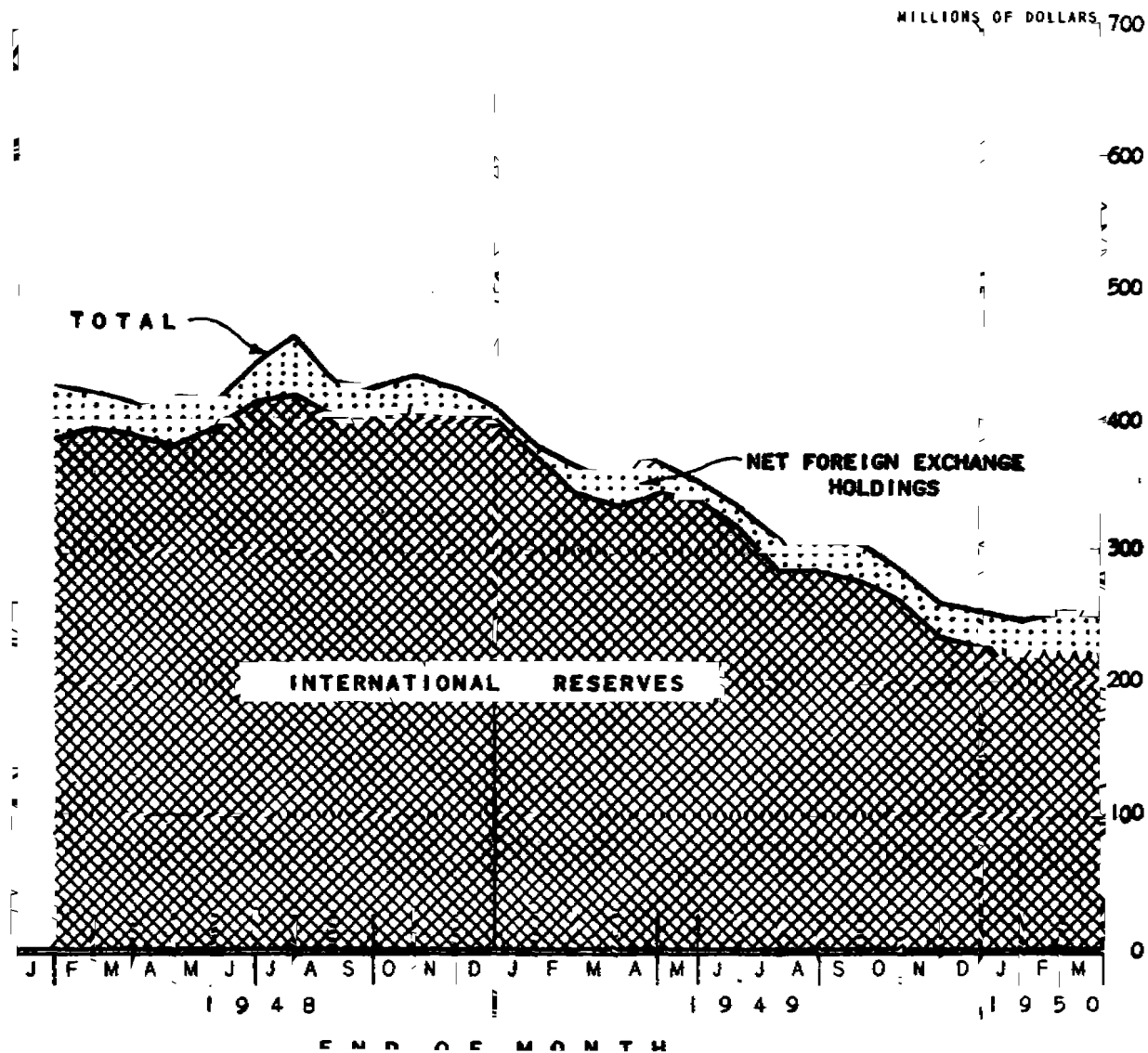
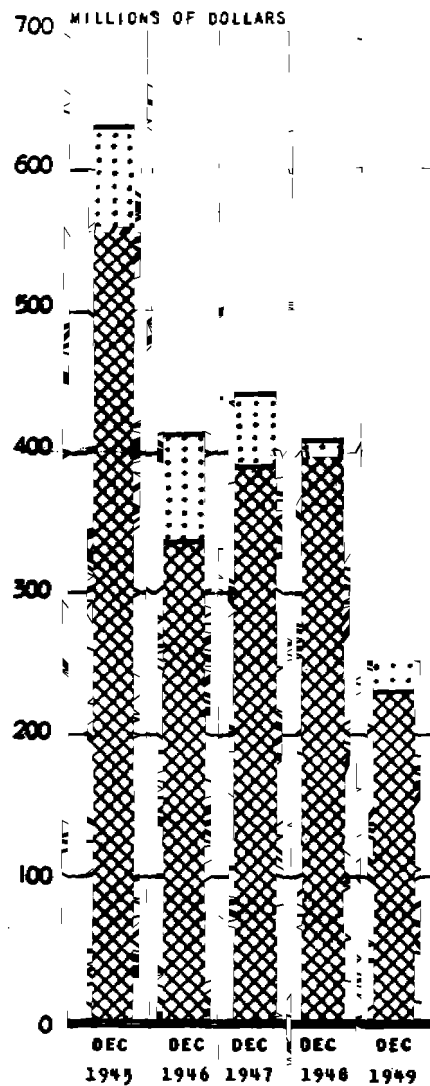
A rapid increase in the dollar balances of the National Treasury occurred in 1945—from a prewar level of about \$160 million to \$315 million on March 1, 1945 and to \$557 million at the end of that year.

In 1946, however, the dollar balances declined by \$223 million. It is estimated that during this year, out of the \$336 million United States Government expenditures in the Philippines, only \$118 million was netted by the country because ₱111 million worth of United States government excess peso holdings were redeemed in the latter part of the year, and ₱234 million of expenditures were made with pesos acquired in 1945 and from the sale of surplus property. It is also estimated that the salaries of United States Army and Navy personnel remitted to their families in the United States exceeded ₱90 million. Philippine Government disbursements abroad amounted to \$8.3 million against receipts from interest on time deposits of \$2.3 million. During the year, the net foreign exchange assets of the banking system increased by \$16 million.

The decline in the dollar balances of the National Treasury continued until January, 1947. During the months that followed, however, they started climbing once more. By December 31, 1947, they stood at \$389 million — a net increase for the year of \$55 million which more than offset the decrease of \$38 million in the net foreign exchange assets of the banking system. Among the big receipts that more than compensated for the heavy trade deficit were United States Government disbursements totalling \$275 million and the \$60 million United States Rehabilitation Finance Corporation budgetary loan to the Philippine Government.

The steady rise which started after January, 1947 lasted up to July, 1938 when the dollar balances of the Treasury reached a peak of \$420 million, while

AND NET FOREIGN EXCHANGE HOLDINGS OF OTHER BANKS



the net foreign exchange assets of banks registered a further slight decline from their level at the beginning of 1948. United States Government deposits with banks went up from \$18 million in January, 1948 to \$77 million in June, 1948. In August, 1948, a sudden drop of \$18 million occurred in the dollar balances of the National Treasury accompanied by a similarly big decline of \$19 million in the net foreign exchange assets of the banking system. This appears to have been due to the fact that a big amount of United States Government expenditures for the month was paid out of funds held already with local banks. During the rest of the year, both series maintained a fairly constant level and ended the year showing a net aggregate decrease of \$37 million.

3. *Quarterly Movement of International Reserve During 1949*

The net foreign exchange assets of other banks and the international reserve of the Central Bank as of the beginning and the end of every quarter of 1949 are shown below:

	(In Millions of United States Dollars)				
	<i>Jan. 3</i>	<i>Mar. 31</i>	<i>June 30</i>	<i>Sept. 30</i>	<i>Dec. 31</i>
Central Bank	400	336	320	279	230
Banking System.	<u>20</u>	<u>27</u>	20	<u>35</u>	29
Total	<u>420</u>	<u>363</u>	<u>340</u>	<u>314</u>	<u>259</u>
Quarterly Decrease	—	57	23	26	55
Cumulative Decrease	—	57	80	106	161

NOTE: The net foreign exchange assets of other banks used here is a revised series in conformity with present concepts. In this new series, foreign exchange holdings consisted of balances abroad, foreign notes and coins, unmatured export bills, foreign securities and other assets regardless of the currency in which denominated wherein the obligor is a non-resident; and foreign exchange liabilities included all short-term obligations to, or claims of, non-residents. Details of the statements of the Foreign Exchange Assets and Liabilities of the Banking System are given in the appendix. For comparability, it should be noted that the international reserve of the Central Bank as of January 3, included \$33 million balances in the General Fund, which were not formally transferred to the Central Bank until February and March, 1949.

Banks closed the year 1948 with relatively low foreign exchange holdings, amounting to about one-fifth of their net holdings in 1946 and more than one-third of their opening balances in 1948. This development occurred apparently in anticipation of the establishment of the Central Bank and the relatively lower rates at which banks could thus buy dollars. The banks purchased heavily in January and February, building up their holdings by a net of \$7 million in the first quarter but drew these down by the same net amount during the second quarter. When the Central Bank selling rate was reduced on June 26, 1949, banks built up their balances again buying a total of \$32.3 million from the

Central Bank during July, and ending the quarter with a 75 percent increase in their net holdings. In November, exceptionally large purchases were made by the banks but in December, the delays due to the processing of banks' applications for exchange forced down their holdings to a lower level.

The drain in the international reserves was large in each of the quarters and especially so in the first and last quarters. As will be noted later in this discussion, the influences that account for the decline in the fourth quarter were different from those in the first. The decreases, both in the second and third quarters, were less than half of the fall in either the first or fourth quarter but each is more than the total decline for 1948.

B. The Balance of Payments

Since the end of the last war, most countries especially those devastated by it, became increasingly concerned with their balance of payments situation. This could be attributed to the fact that with heavy destruction of their productive capacity, these countries could not feed and clothe their peoples, much less rebuild the ruins of war, by relying solely on their domestic resources. The great need for imports of raw materials and essential goods most of which could only come from the United States underline the importance of possessing a substantial amount of dollar exchange. Because of the relative scarcity of domestic goods available for consumption and its great reliance on foreign purchases, the Philippine economy would have come to grief much earlier had it not been for substantial dollar receipts from exports and United States Government expenditures.

1. PRE-1949

The increase in international reserve during the year 1945 and the decrease from December, 1945 to December, 1949 of \$388 million (P776 million), are explained by the comparative balance of payments given below:

COMPARATIVE BALANCE OF PAYMENTS (In Millions of Pesos)

	1945 — 1949				
	1945	1946	1947	1948	1949
Imports (c.i.f.)	57.9	670.5	1,176.0	1,347.5	1,347.0
Exports (c.i.f.)	1.3	128.4	539.3	645.6	530.0
Trade deficit	(56.6)	(542.1)	(636.7)	(701.9)	(817.0)
United States Gov't. expenditures	568.6	237.0	550.0	677.6	647.0
Balance	512.0	(305.1)	(86.7)	(24.3)	(170.0)
Non-trade receipts and disbursements		(108.9)	120.7	(49.7)	(152.0)
Net surplus (or deficit)	<u>512.0</u>	<u>(414.0)</u>	<u>34.0</u>	<u>(74.0)</u>	<u>(322.0)</u>

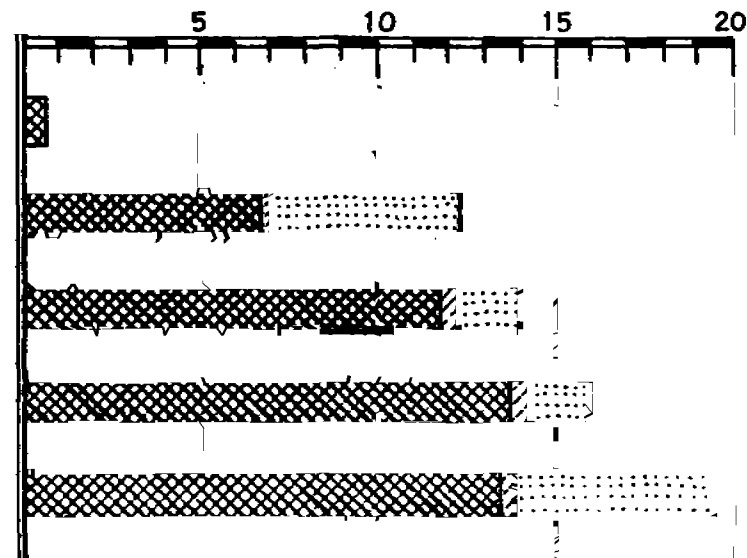
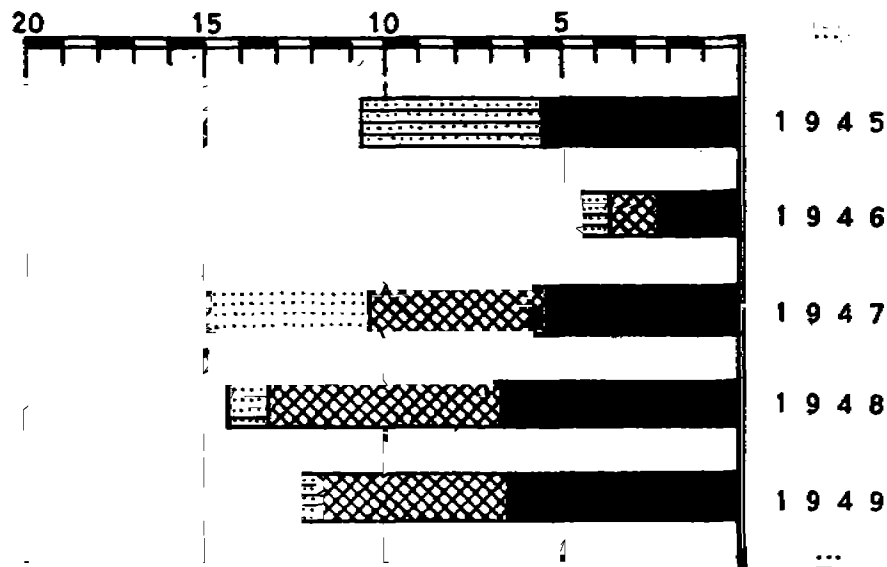
PHILIPPINE BALANCE OF PAYMENTS 1945 - 1949




HUNDRED MILLIONS OF PESOS




HUNDRED MILLIONS OF PESOS

R E C E I P T S

D I S B U R S E M E N T S



 Disbursements of U. S. Government
 Exports, Freight, and Insurance
 Others

 Imports, Freight, and Insurance
 Expenditures of Philippine Government and tourist expenditures
 Others

It is evident that our highly unfavorable balance of trade, which increased steadily from ₱57 million in 1945 to ₱817 million in 1949, was principally responsible for the depletion of the international reserves. While exports had been increasing steadily (except during 1949) the exceptionally heavy imports dwarfed the increase in exports. This large trade deficit was financed by United States expenditures which averaged about ₱536 million a year.

At the end of 1945, a large dollar balance was built up because of heavy expenditures of the United States Armed Forces and a negligible amount of imports. The latter was small on account of the inadequacy of shipping facilities which during the greater part of the year were used in the war effort. In 1946, the biggest deficit was incurred. Imports increased greatly with the easing of shipping for commercial purposes. The export industries on the other hand had not yet repaired the damage they sustained during the occupation and the battle for liberation. The return of the greater part of the personnel of the United States Armed Forces to their homes and the conversion of United States Army excess peso holdings aggravated the situation further. In 1947, a surplus was realized due to the budgetary loan of ₱120 million from the United States. During this year also, the United States War Damage Commission started paying on claims, thus increasing United States expenditures to ₱550 million. Exports and imports both expanded heavily in 1947. In 1948, a small deficit resulted in spite of increased exports and United States expenditures, presaging a larger deficit for the succeeding year. It was during this year that non-trade remittances began increasing due to increased foreign travel, studies abroad, and other purposes.

2. 1949

The total foreign receipts for the year is estimated at ₱1,242 million against total foreign disbursements of ₱1,529 million, resulting in a net deficit of ₱322 million. The international reserve decreased correspondingly from ₱840 million at the beginning of the year to ₱518 million as of December 31. As in the previous year, the primary cause of the reduction in international reserve was the large amount of imports (₱1,347.0 million including freight and insurance) and the resulting heavy trade deficit which was the biggest recorded so far (₱817 million). Exports declined from ₱646 million (c.i.f.) last year to ₱530 million (c.i.f.) in 1949, or by an amount of ₱116 million. United States expenditures declined by ₱31 million (from ₱678 million to ₱647 million). Net non-trade remittances increased by about ₱101 million.

The decrease in the total value of exports was due principally to a decrease both in the volume and wholesale price of copra, the principal export, which was not offset by increases in other exports, such as sugar. Copra exports for 1949 of around 528.7 million kilos valued at an average wholesale price for the year of ₱30.99 per 100 kilos against 586.6 million kilos at ₱51.49 per 100 kilos

in 1948, resulted in total copra receipts of P179 million for 1949 against P309 million in 1948, or a decrease of P130 million (42 percent). Exports of abaca, desiccated coconut, embroideries, scrap metals, copra meal, and coconut oil declined slightly. Sugar exports increased from 216 million kilos valued at P44 million in 1948, to 465 million kilos valued at P91.6 million in 1949, or an increase of 2.1 times.

The three principal items for 1949 distributed by quarters is shown in the table below:

BALANCE OF PAYMENTS, 1949

(By Quarter)

(In Millions of Pesos)

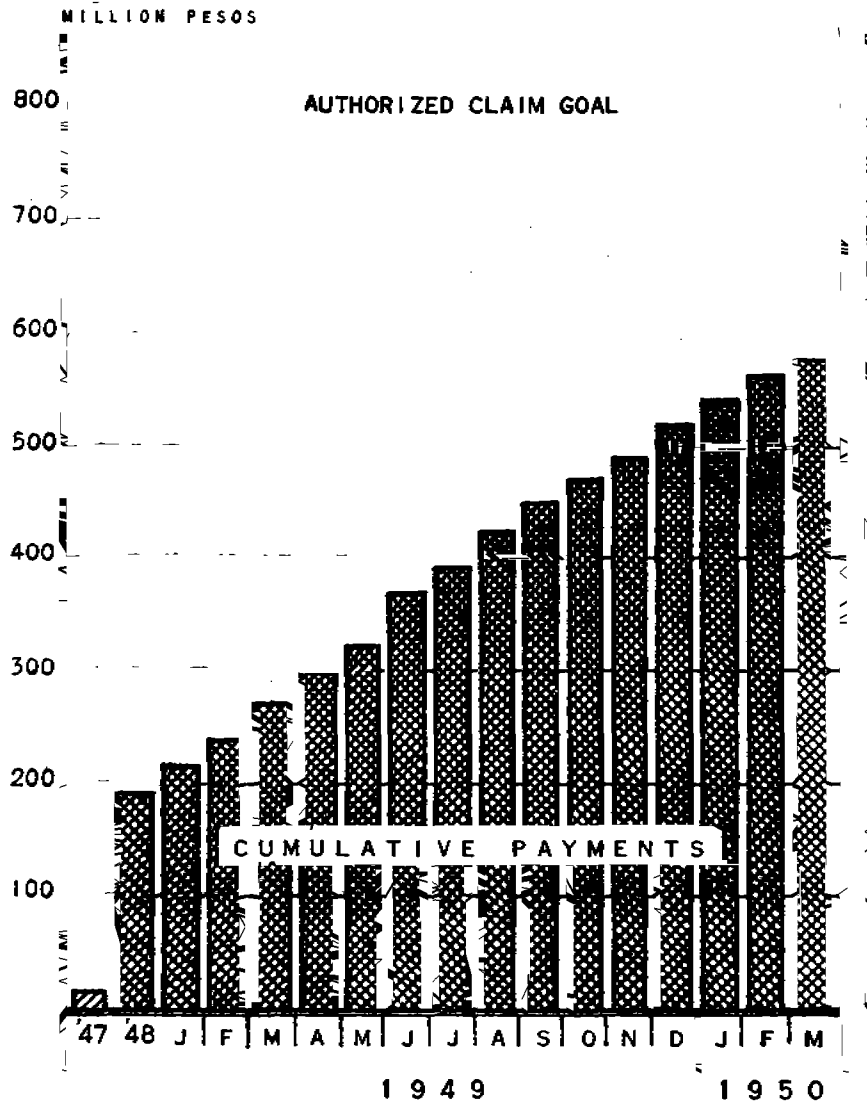
	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
Imports, C. I. F.	408	347	284	308	1347
Exports	135	141	129	125	530
Trade Deficit	273	206	155	183	817
U. S. Government Expenditures .	168	174	159	146	647
	(105)	(32)	4	(37)	(170)
Non-Trade Surplus (or Deficit) .	(9)	(14)	(56)	(73)	(152)
Decline in the total International Reserves	114	46	52	110	322

NOTE: The available data on imports and exports were the values of merchandise shipments cleared through the Bureau of Customs; United States Government expenditures were compiled from the reports of United States Government agencies and the bulletin published by the United States Department of Commerce.

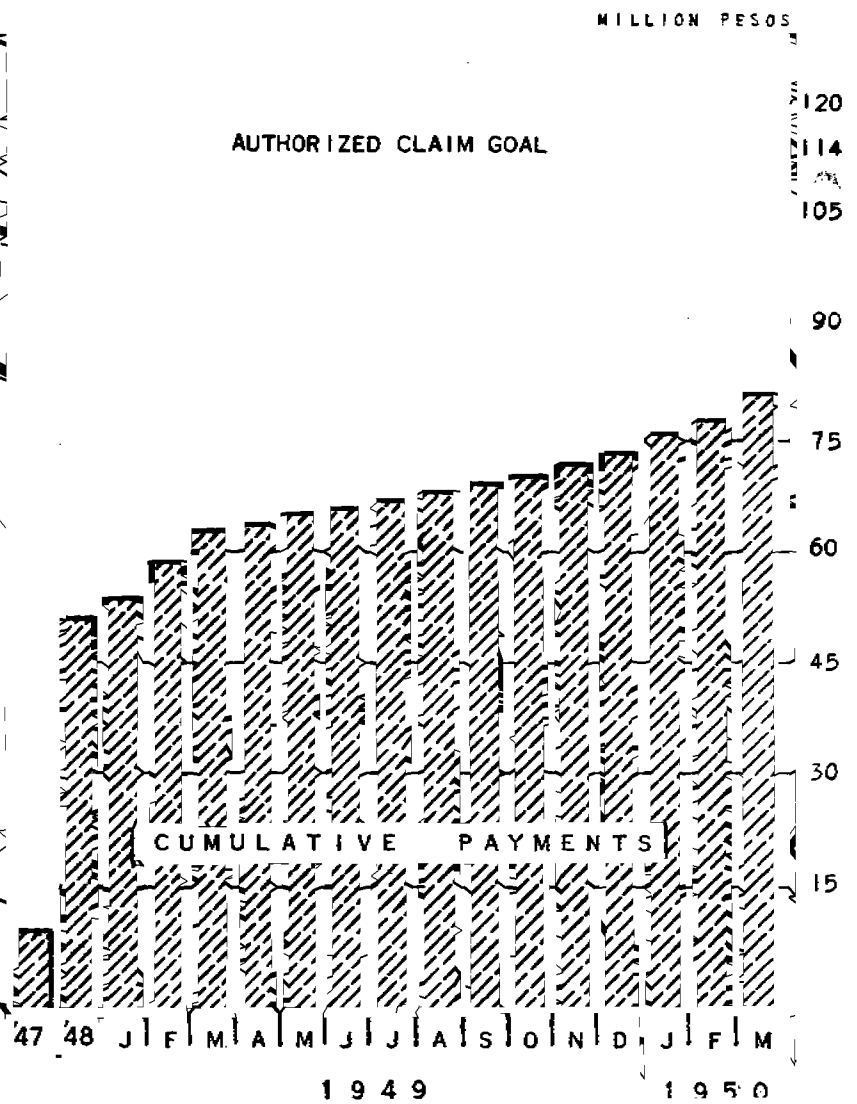
The total receipts by quarters decreased steadily from P323 million in the first to P285 million in the last. The decrease in receipts for the last quarter was due to a decrease in exports and United States Government expenditures, which had gone down to P125 million and P146 million, respectively. Disbursements during the first and the last quarters were far above the level of the second and third quarters, amounting to P411 million and P406 million, respectively, against P356 million and P375 million.

The above tabulation suggests that the declines in the international reserve during the first (P114 or \$57 million) and second quarters (P46 or \$23 million) were wholly due to the trade deficit. As compared with the 1948 quarterly average (P16 million), the non-trade deficits of P9 million in the first quarter and P14 million in the second quarter appear normal. During these quarters, United States Government expenditures in 1949 were slightly lower than similar expenditures in 1948. On the other hand, trade deficits were considerably larger

PRIVATE CLAIMS



PUBLIC CLAIMS



—207 percent and 156 percent of the 1948 average for the first and second quarters, respectively. The huge imports in the first quarter were probably precipitated by and anticipation of the import controls which were imposed on January 1, 1949 and the backlog which resulted from the shipping strike during the last quarter of 1948.

A distinctive feature of the third quarter was the excess of receipts from United States Government payments plus exports over disbursements for imports, by ₱4 million. The sum of the first two items was much less than their combined totals in each of the first two quarters of 1949 and the average for 1948, but imports during the third quarter were relatively lower, being only 92 percent of the average for 1948. In spite of such a favorable position, the international reserve fell by ₱52 million due to the excess of ₱56 million of heavy non-trade payments over other non-trade receipts.

The two primary receipts items, United States government payments and export proceeds, reached their lowest quarterly total during the last quarter of the year. They had to be supplemented with ₱37 million from the dollar reserves to meet the import bill for the quarter which was slightly higher than that of the third quarter, but much less than imports during the first or second quarters. The non-trade deficit during the fourth quarter of 1949 was ₱73 million.

The big fall in the international reserve during the fourth quarter occurred during the period from October 1 to December 8, the day preceeding imposition of exchange controls. From December 9 to the end of the month it appears that although there had been a drop of ₱4.3 million in Central Bank reserve (if the \$10.3 million acquired from the Money Order Fund were excluded) net holdings of other banks registered an increase of \$7 million. If the acquisition from the Money Order Fund were left out of account, the non-trade deficit for the period from October 1 to December 8 could be estimated at ₱94 or \$47 million.

The large amount of outward remittances for the last two quarters could not have been accounted for only by the lag in payment of imports. The total value of imports (cost plus freight and insurance) exceeded the sale of foreign exchange for commercial purposes by the banking system by ₱17 million in the first, and ₱8 million in the second quarter. These are small compared with the total payments for non-trade items during the last two quarters. It is possible that a portion of these invisibles represented remittances made for future imports in anticipation of more rigid controls; the greater probability, however, is that they were abnormal capital movements prompted by unstable political and economic conditions in the Far East and fear that the free convertibility of the peso would not be maintained. These same fears may have been the reason why "other inward remittances" which were more or less uniform for the first three quarters, amounting to ₱19, ₱13 and ₱17 million, respectively, showed a peculiar

movement during the last quarter. The total value of exports exceeded the total value of bills purchased by the banks, by around ₱11 million¹ during this quarter.

On December 8, 1949, the international reserve of the Central Bank and not holdings of other banks stood at \$250 million. Had no controls on exchange transactions been imposed, the rate of drain on the international reserve (\$68 million in 2-1/3 months) which was accelerating rapidly could have exhausted the reserve in the space of at most eight months.

III. INTERNATIONAL TRADE

General Observations

The war and subsequent political and economic conditions brought about major changes in the overall trade pattern of the Philippines which may be briefly summarized, as follows:

- a. Increase in the value of trade as compared with prewar levels;
- b. A substantial decline in the volume although not in the value of exports;
- c. Persistent excess of imports over exports;
- d. An adverse balance of trade with the United States as compared with the large prewar positive balance;
- e. The financing of the trade deficit with funds made available under the United States aid programme and government disbursements which are non-recurring in character;
- f. The establishment of trade controls particularly on imports of non-essentials and luxuries in order to conserve foreign exchange for economic development and to bring about a balance in the foreign trade at the earliest possible date.

The shift from the export balances before the war to import balances in the postwar years, particularly in the trade with the United States, reflects the fundamental change in the trading position of the Philippines. Positive trade balances were the rule during the prewar years especially in the decade just before the outbreak of the war. Although negative balances were carried with the majority of countries with which the Philippines traded during the prewar years, these were more than offset by the large surplus in the foreign trade with the United States, the most important factor in the foreign trade of the Philippines. The trade surplus with the United States average about ₱104 million yearly. However, since the war, the country has experienced consistently a trade deficit. In contrast with the average 1937-41 surplus of over ₱61 million, the postwar years

¹ The other item of inward remittances for the fourth quarter amounting to ₱10 million is the difference between the receipts from the money order fund of ₱121 million and this lag of ₱11 million.

have recorded an average deficit of ₱503 million from 1946 to 1949. The heavy adverse balances which characterized the postwar foreign trade have not diminished in 1949 during which the excess of imports over exports was 9 percent higher than the 1948 balance.

During the postwar years, the average annual value of total trade seemed impressive, having increased more than three times the 1937 level to more than ₱1,807 million in 1948 and ₱1,642 million in 1949. This record achieved by the foreign trade, however, is not entirely a reflection of actual economic recovery in the country. With the exception of copra and lumber, the 1949 production of principal export commodities was still lagging behind prewar levels. The import trade in 1949 amounted to ₱1,122 million, more than five times the 1937 figure, while exports in the same year were valued at only ₱520 million, less than double the 1937 value of exports. This postwar phenomenal trade, particularly the heavy volume of purchases from the United States, was made possible by the flow of American dollars in payment of United States rehabilitation work and expenditures in the Philippines, the strong demand for consumer goods and reconstruction materials, and lastly, by inflated prices. The postwar imports were dominated by consumption goods which were imported at the rate of fifteen times the prewar. Capital goods, mostly machinery and equipment¹ necessary for economic development, declined from the prewar average of 25 percent to 9 percent in the postwar years. Thus, the foreign exchange was being dissipated in non-essential goods without generating enough export activity nor much development in the country to cover the large trade deficit. With the curtailment within the next two years of United States outlays and expenditures, the efforts of the Government are concentrated in bringing into balance the economy of the country through trade controls, expansion of exports and domestic production. Since the positive measures of expanding export activity and increasing domestic production will take time to realize their full benefits, negative measures designed to curb imports in the hope of eliminating the trade deficit at the earliest possible date ~~should be pursued~~ *should be pursued* ~~zealously~~.

1. *Trend of Exports and Imports*

a. *Postwar Trends*

During the past three years, the average annual value of total merchandise trade increased more than three times over that of the 1937 level, amounting to ₱1,552 million in 1947, ₱1,807.2 million in 1948 and ₱1,642 million in 1949. Accompanying this all-time high in the value of total trade, however, is the heavy adverse balance of trade which characterized the foreign trade each year since the war. The value of imports during the three past years amounted to two and a half times that of exports, resulting in an unfavorable trade balance of

¹ Raw materials excluded. If included, percentage is about 30%.

P463.3 million in 1946, P493.6 million in 1947, P536.2 million in 1948 and P602 million in 1949.

b. *Trade Developments in 1949*

In 1949, the total foreign trade showed a slight decrease in comparison with the preceding year but continued considerably higher than in prewar days. The value of the import trade for 1949 was considerably lower in the third and fourth quarters of the year than in the first and second; yet, the total net decline for 1949 compared to 1948 was only 4.1 percent. On the other hand, because of the drop in the value of exports amounting to 18.2 percent, the resulting imbalance was 9 percent bigger than that of 1948.

Among the factors sustaining the high level of imports in 1949 were the improved supply of the world's exporters and continued high money income of the people. Many groups of machinery and equipment finally had been delivered after delays of more than a year. During the first half of 1949, quantities of steel and other building materials arrived for several of the largest public construction projects. Availability of other commodities at lower prices provided an incentive for placing orders which had been deliberately deferred because of high costs prevailing in the immediate postwar years. While some progress has been made in the substitution of local manufactures for imported products, no appreciable effects on the import demand had been felt. It became increasingly apparent, moreover, that postwar habits of consumer buying has become incompatible with a drastically reduced level of imports. Finally, the high export receipts and the continued flow of United States dollars chiefly in the form of payments for war damage claims maintained a high consumer demand. Thus, the aggregate value of import trade showed only a relatively negligible decline in 1949 as compared with 1948.

The physical volume of imports in 1949 as indicated by the monthly average of quantum index has increased by one and one-third times over the 1937 level (235.8 percent,¹ 1937 = 100) while exports remained at only two-thirds the 1937 volume. The general trend of imports in 1949 as indicated by this index shows a decided upswing as compared with prewar and 1947 and a negligible change from 1948. Essential commodities however appear to be coming in larger quantities in 1949 as shown by the increases of the percentages of raw materials and capital goods in the total import trade as compared with 1948. In 1949, capital goods constituted 9.9 percent and raw materials 22.8 percent of the import trade as compared to 8.9 percent and 20.8 percent, respectively, in 1948. The items which appeared to have felt the effects of import control restrictions in 1949 were household appurtenances, rubber goods, alcoholics, christmas decorations, entertainment equipment, tobacco and cosmetics. It was also apparent that

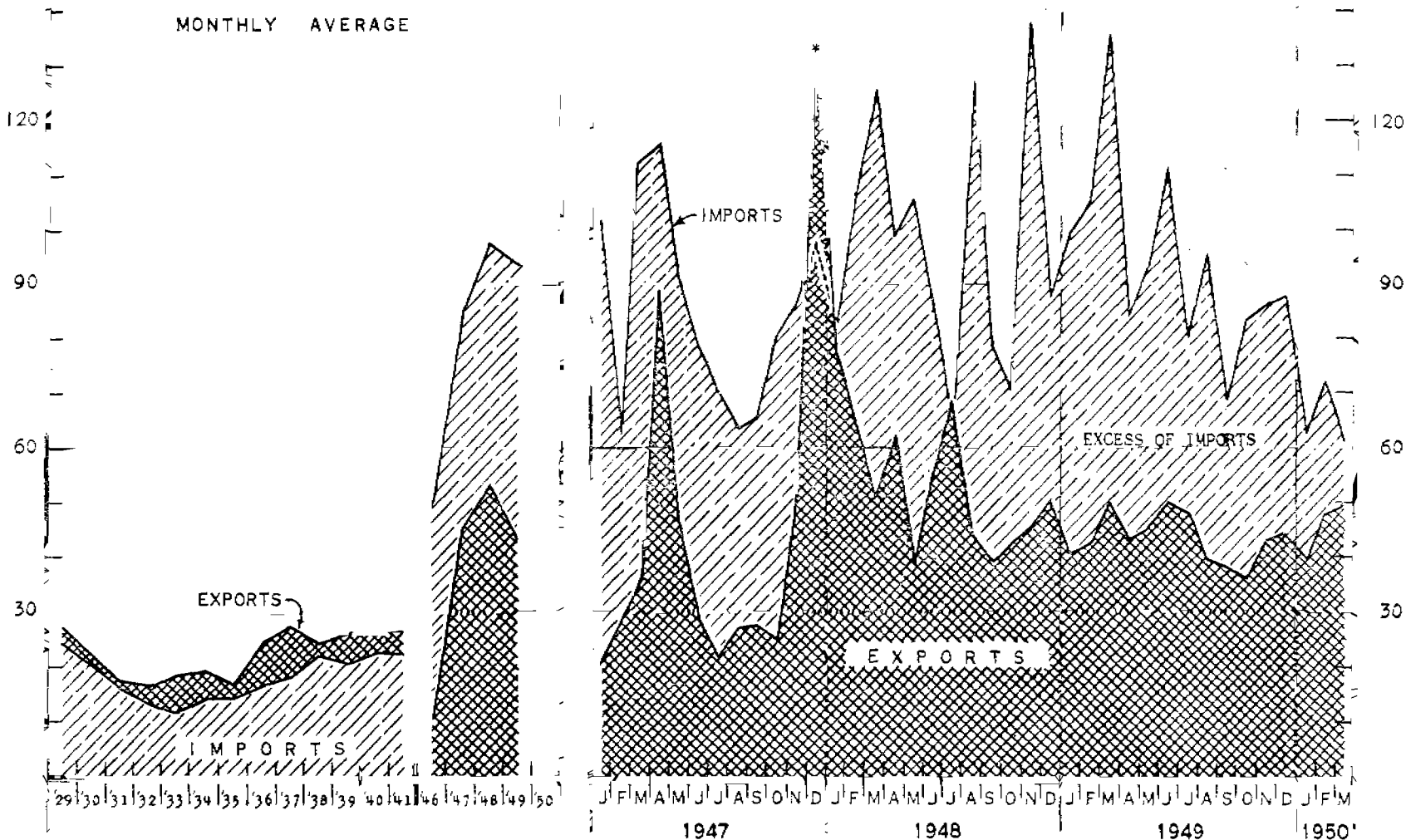
¹ First six months of 1949.

MERCHANDISE EXPORTS AND IMPORTS ¹

MILLION PESOS

MILLION PESOS

MONTHLY AVERAGE



^{1/} Imports are recorded general merchandise imports, and exports,

the general trend was toward importing more essential merchandise as could be noted from the increasing imports of fiber board, glass, metals and other industrial items and building materials.

In the immediate postwar years of 1946, 1947 and 1948, the relatively undamaged coconut groves enabled the country to take advantage of the extraordinarily high prices for copra and coconut products. In 1949, export trade suffered from the loss of increment realized in the earlier years from the high prices offered for copra and abaca. The decline in prices not only reduced the value of copra exports from ₱309.4 million in 1948 to ₱179.3 million in 1949, but also reduced its export volume from 586.6 million kilos in 1948 to 528.7 million kilos in 1949. Production of copra and abaca declined and full rehabilitation of other major export industries had not been effected. Although sugar appeared to have attained 70 percent of its prewar output and had increased its exports, the decline in copra could not be covered. Tobacco has been available for export only in negligible amounts. Moreover, the foreign sales of tobacco were dependent in large measure upon the dollar exchange position of the European consuming countries. The ban on exports of lumber which was originally imposed in 1946 to conserve supplies for domestic construction, was not lifted entirely until June 6, 1949, and with foreign markets demanding only a fraction of their capacity, the larger lumber producers sought outlets chiefly in the local markets. The demand for Philippine base metals continued limited, while the formerly lucrative export trade in surplus property materials and scrap iron appeared to have already run its course. Thus, it was not surprising that exports behaved as they did, increases being registered in sugar offset by declines in coconut products due to declining world prices and curtailed demand in the hard-currency countries. In the absence of any other natural product or industry which could increase the export level immediately, emphasis of necessity had to be placed on measures to curb imports.

PHILIPPINE TRADE BALANCE, POSTWAR COMPARED WITH PREWAR
(In Millions of Pesos)

<i>Period</i>	<i>Total Trade</i>	<i>Imports</i>	<i>Exports</i>	<i>Trade Balance</i>
1937-1941 Ave.	569.4	253.8	315.6	+ 61.8
1945	59.2	57.9	1.3	— 56.6
1946	720.1	591.7	128.4	— 463.3
1947	1,551.8	1,022.7	529.1	— 493.6
1948	1,807.2	1,171.7	635.5	— 536.2
1949	1,642.0	1,122.0	520.0	— 602.0

Source: International Trade Statistics, Department of Economic Research, Central Bank of the Philippines, February, 1950.

2. *Geographical Pattern of the Foreign Trade*

The great bulk of the Philippine foreign trade is with the United States, which continues to dominate the postwar trade as in the prewar, accounting for the largest percentage by far of both imports and exports. Free trade relations between the two countries which existed before the establishment of the Republic in 1946 were extended by the Philippine Trade Act of 1946 and the Executive Agreement with the United States signed July 4, 1946. In 1937, 57 percent of the import trade and 81 percent of the export trade were with the United States. The value of current average exports were only a little greater than prewar while imports from the United States averaged more than six times the prewar. In terms of volume, exports to the United States were considerably less than prewar while imports on the other hand varied in the postwar years from 50 to 80 percent greater than prewar. United States participation in the export trade declined in 1948 some 15 percent and in 1949, about 12 percent under that of 1937. United States share of imports, however, rose to 82 percent during the first six months of 1949, an increase of nearly 25 percent over 1937.

Figures for countries other than the United States indicate that trade with them in 1949 had diminished rather than increased. Exports to the ECAFE (Economic Commission for Asia and the Far East) region¹ were somewhat more than the physical volume during the prewar and in value amounted to an average of ₱30 million or a little more than five times the prewar. Imports from that area were ₱60 million or about three times the prewar but on the average represented a smaller volume. In 1948 and in previous years, China ranked second as a supplier of Philippine imports, averaging 4 percent, and furnished such products as cotton piece goods, eggs and macaroni. On the export side, not one of the ECAFE countries stood out as a market for Philippine products, although on a barter basis, trade agreements might improve the position.

In spite of considerable public opposition to resumption of trade with Japan after the war, a policy of SCAP-supervised trade was finally adopted which resulted in Japan's becoming second in rank in the export trade of the Philippines in 1949, accounting for 5.54 percent in the total export trade distribution. Exports to Japan reached a high point of ₱31 million in 1948 and ₱15 million for the first half of 1949. Exports to Japan were twice the prewar average value. Imports² in 1948 and for the first half of 1949 were less than half of prewar imports of some ₱25 million.

¹ Countries in ECAFE region are British North Borneo, Brunei & Sarawak, Burma, Ceylon, China, Hongkong, India, Indo-Chinese Federation, Indonesia, Federation of Malaya & Singapore, Nepal, Pakistan, Philippines, Siam and Korea (1949 addition).

² Bureau of the Census and Statistics.

In the trade with the countries under the Office for European Economic Co-operation (OEEC)³ other than the United Kingdom, exports were slightly over ₱60 million in 1948 or about four times the prewar. France was the single most important market for Philippine products, specifically copra, absorbing from the Philippines goods amounting to ₱30.7 million in 1948. Imports from the European members of the OEEC amounted to some ₱14 million, a little over half the average prewar imports. In 1949, the available data for the first half of the year indicated that competition among the OEEC countries for Philippine agricultural products has become less active and the orientation provided by the International Emergency Food Council (IEFC) has relaxed.

The sterling area, including the United Kingdom, continued to be an insignificant factor in the total postwar trade as in the prewar.

The development of relatively greater trade with countries other than the United States is, however, an announced goal of the Government and barter trade agreements with a number of countries in Europe and Asia have been proposed of which the Thailand-Philippine Trade Agreement is the first.

PHILIPPINE EXPORTS AND IMPORTS, TOTAL AND BY PRINCIPAL COUNTRIES, 1937 AND 1947-1949

(In Thousands of Pesos)

EXPORTS					
<i>Country</i>	<i>1937</i>	<i>1947</i>	<i>1948</i>	<i>1949^a</i>	
Total	305,266	529,092	635,583	270,978	
United States	246,074	304,055	415,706	188,517	
Japan	20,030	4,507	31,035	15,002	
France	1,590	35,257	30,745	10,378	
United Kingdom	12,466	16,383	6,300	3,155	
China ^b	2,036	2,843	4,050	725	
Canada	1,122	11,199	11,331	1,527	
Others	21,948	154,848	136,416	51,674	
IMPORTS					
Total	218,070	1,022,701	1,171,734	628,126	
United States	127,330	880,000	939,229	516,076	
Japan	32,204	1,907	4,192	8,331	
France	1,686	1,815	1,751	552	
United Kingdom	5,222	6,199	10,587	5,121	
China ^b	6,623	28,536	45,784	12,994	
Canada	3,322	27,625	14,998	15,303	
Others	41,520	76,619	155,193	69,749	

³ Countries in OEEC region are France, Netherlands, Belgium, Luxemburg, Italy, Sweden, Norway, Denmark, United Kingdom, Greece, and Austria.

^a First half.

^b Includes Kwantung.

3. *Commodity Structure of Trade and Its Relation to Production*

a. *Exports*

Before the war, six commodity groups — sugar, coconut products, fibers, tobacco and products, lumber and embroideries — comprised approximately 90 percent of all shipments abroad.¹ Sugar was the leading prewar export and accounted for 42 percent of the export earnings. The value of the prewar coconut products exports amounted to more than one-fourth of the sugar exports. Secondary exports were tobacco, lumber and embroideries. Since the war, the commodity content of Philippine export trade showed two striking changes from the prewar; the emergence of copra as the leading export and the temporary relegation of sugar to a relatively insignificant place in the list of exports. These changes were due to the fact that coconut groves were relatively undamaged while sugar lands were neglected and mills badly damaged; there was also a strong postwar demand for copra brought about by the tight world supply situation in fats and oils.

Coconut products and abaca accounted for 75 percent of the total postwar exports. Sugar fell to 5 percent. Total exports of copra in 1948 amounted to 586,633 metric tons, considerably less than the all-time high of 1,008,402 metric tons in 1947, but nearly two and a half times the exports of 1937. Exports of copra in 1949 declined to 528.7 million kilos representing a decrease of 10 percent from 1948. Total value of coconut and coconut products exports declined from ₱415.8 million in 1948 to ₱259.2 million in 1949, or a decrease of 38 percent. This decrease was due largely to the decline in prices which in the case of copra also reduced the volume.

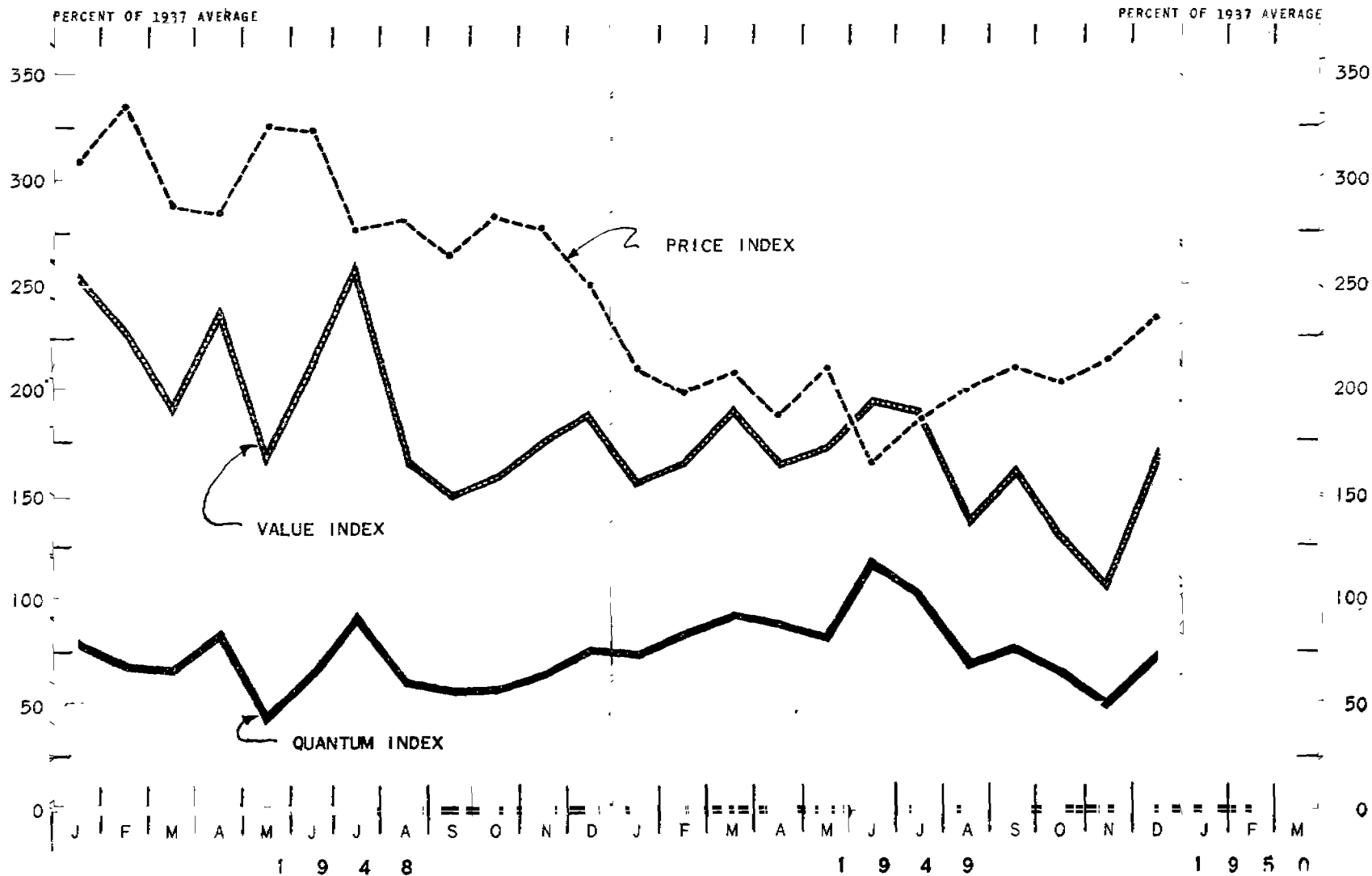
Abaca production during 1949 was considerably below the 592,797 bales produced in 1948. The value of abaca exported in 1949 was only ₱57.8 million while in 1948 it was ₱60.2 million and in 1947, ₱63.4 million. The quantity of cordage exported in 1949 decreased by 17.8 percent under 1948 although the prices for abaca increased on the average in 1949 over 1948.

Sugar exports in 1949 amounted to 465 million kilos as compared with 258.3 million kilos in 1948 and 926.2 million kilos in 1937. The exports for 1949 were nearly double the volume for 1948 but only a little more than half of the 1937 level. The prices of sugar were maintained near the 1948 figures and the bigger quantity exported increased the receipts from ₱44 million in 1948 to ₱91.6 million in 1949.

Lumber production in 1949 exceeded the 1937 monthly average of 26,156 thousands board feet by one and a half times, but lumber exports were negligible

¹ Excluding gold.

INDEXES OF PHILIPPINE DOMESTIC EXPORTS (1937 = 100)



amounting to 22.6 million board feet in 1949 as compared with 54 million board feet in 1937.

Leaf tobacco showed an increase in value of exports from two million pesos in 1948 to four million pesos in 1949. Prices of leaf tobacco were maintained at 1948 levels but production increased. The 1949-50 tobacco crop is still in seedbed stage but with favorable growing conditions, output should reach a postwar record high of 27,000 metric tons.

Trade in base metals attained new records in 1949. Chromite had an export value of ₱5.6 million in 1949 as compared with ₱3.9 million in 1940. Manganese reached prewar levels although in 1949 the export value went down to ₱946,000 from ₱1.4 million in 1948. Iron ore production in 1949 increased more than twenty times the 1948 level, although it was only about 30 percent of the 1940 production. Exports amounted to ₱4.8 million in 1949 or 447 percent more than the total value in 1948. Copper showed a remarkable rise in 1949 amounting to ₱6.9 million or 69.7 percent more than the exports of 1948 and double the 1940 values. Mining companies made an arrangement with Japanese companies for a barter of their ore for equipment and other merchandise.

b. *Imports*

The postwar pattern of imports differs little in essentials from the prewar, although its physical volume was bigger by one and one-third times. Finished materials, principally textiles, occupied first place as in the prewar years with a value in 1948 of over ₱262 million and in the first half of 1949 of about ₱125 million, almost six times the 1940 level, and accounting for more than 25 percent of total imports. Food and foodstuffs, beverages, and tobacco together represented another one-fourth of total imports, accounting for a slightly lower percentage than in prewar years but amounting in current pesos to over three times the prewar value. The world shortage of machinery and equipment in the immediate postwar years and the inability of the economy to absorb capital goods in significant quantities in the earlier postwar years was reflected in the decline of such imports from the prewar average of 25 percent to about 10 percent in the postwar years. Consumer goods of various kinds were imported at a rate about fifteen times the prewar. However, with the imposition of trade controls, a slight shift of purchases from non-essentials and luxuries to capital goods and from the controlled to the uncontrolled goods was felt although not strongly. Nevertheless, the trend during 1949 was towards more capital goods purchases.

PHILIPPINE EXPORTS, TOTAL AND BY PRINCIPAL COMMODITIES

(In Thousands of Pesos)

Commodity	Unit	1940		1947	
		Quantity	Value	Quantity	Value
Total Exports		<u>311,849,047</u>			<u>529,091,932</u>
Total, domestic exports .		<u>305,320,153^a</u>			<u>483,934,742^b</u>
Total, ten leading exports		<u>178,634,668</u>			<u>465,065,715</u>
Copra	Kilo	341,930,371	18,802,722	1,008,402,700	354,415,334
Sugar, centrifugal "		923,542,586	86,170,327	18,849,135	4,081,058
Abaca, unma-					
nufactured ...	Bale	1,402,720	25,396,129	680,691	63,432,374
Desiccated coco-					
nut	Kilo	40,517,898	7,381,862	21,181,338	19,054,656
Coconut oil	"	185,902,157	19,723,681	18,144,956	13,940,603
Pineapple, canned "		18,774,482	4,998,211	— — —	— — —
Embroideries ...	"	— — —	9,162,407	— — —	2,371,469
Scrap metals ...	Kilo	6,781,419	373,947	9,245,510	3,060,087
Chromite	"	194,393,000	3,884,121	16,151,200	446,500
Copra meal or					
cake	"	105,028,363	2,741,261	27,088,523	4,263,634
Total other exports		<u>126,685,485</u>			<u>18,869,027</u>
Total re-exports		<u>6,528,894</u>			<u>45,157,190</u>

SOURCE: The Bureau of Census and Statistics.

^a Inclusive of gold exports.

^b Exclusive of gold exports.

PHILIPPINE EXPORTS, TOTAL AND BY PRINCIPAL COMMODITIES

(In Thousands of Pesos)

Commodity	Unit	Quantity	1948	Quantity	1949
			Value		Value
Total Exports			635,583,098		507,510,037
Total, domestic exports .			591,817,077 ^a		486,472,617 ^a
Total, ten leading exports			557,872,350		446,508,672
Copra	Kilo	586,633,362	309,400,124	528,747,350	179,285,818
Sugar, centrifugal "	"	216,770,574	41,580,253	414,982,524	90,464,340
Abaca, unmanufactured . . .	Bale	592,797	60,297,797	499,629	57,805,494
Dessicated coconut	Kilo	61,432,545	57,491,099	57,636,664	38,732,640
Coconut oil	"	47,278,774	40,738,581	61,304,375	35,018,821
Pineapple, canned "	"	15,339,787	7,648,327	40,429,524	13,675,777
Embroideries	—	— — —	13,917,276	— — —	11,969,309
Scrap metals	Kilo	132,425,343	14,181,789	77,672,585	8,132,993
Chromite	"	241,979,841	5,191,779	235,157,271	5,564,711
Copra meal or cake	"	53,670,638	7,425,325	65,549,338	5,858,769
Total other exports			33,944,727		39,963,945
Total re-exports			43,766,021		21,037,420

SOURCE: Bureau of the Census and Statistics.

^a Exclusive of gold exports.

PHILIPPINE IMPORTS, TOTAL AND BY PRINCIPAL COMMODITY GROUPS

(In Thousands of Pesos)

	1940	1947	1948	1949
Total Imports	269,463	1,022,701	1,171,734	628,126
Total, ten leading imports ...	155,390	637,413	732,061	385,686
Cotton and manufactures ..	33,934	153,416	137,364	65,419
Rayon & other synthetic textiles	8,606	90,585	105,020	52,474
Grains & preparations	13,179	98,834	118,274	51,230
Mineral oils (petroleum products)	23,233	36,843	68,504	37,278
Automobiles, parts & tires ..	12,990	51,414	63,910	36,869
Iron & steel manufactures ..	27,224	44,424	55,889	41,799
Tobacco & manufactures ..	14,754	43,962	49,391	22,944
Dairy products	8,987	42,625	45,825	24,022
Paper & manufactures	12,483	38,887	44,714	27,147
Machinery, machines & parts (except agricultural and electrical)	— — —	36,423	43,170	26,505
Total other imports	114,073	385,288	439,673	242,440

4. *Currency Devaluation and Its Effects on Foreign Trade*

The devaluation of the British pound on September 18, 1949, followed by almost all the currencies of the British colonies and other countries whose international trade is closely tied to that of the United Kingdom does not appear to have affected adversely the 1949 foreign trade of the Philippines.¹ There was no appreciable change in the imports or exports from countries with devalued currencies in 1949. Imports from the Sterling Bloc increased slightly from 5.6 percent to 6.3 percent of the total in 1949 and exports registered a smaller increase of .2 percent over that of 1948. However, for the total trade with all countries which devalued their currencies, a slight overall decrease both in imports and exports was registered. Thus for 1949, no appreciable effects on the trade have been felt that could be traced to the currency devaluations although some concern is felt over copra and the possibility that countries importing other products such as lumber and base metals may now turn to the sterling area for their requirements.

5. *Trade Controls*

Since 1945, not only was the balance of trade of the country unfavorable but the excess of imports over exports became more pronounced each year with

¹ Countries that devalued their currencies are the following:

Sterling area: U. K., Ireland, Iceland, Australia, New Zealand, Union of South Africa, India, Ceylon, Burma, Iraq, Egypt, Israel, Jordan, Thailand.

Sterling influenced countries: Norway, Sweden, Finland, Denmark, Western Germany, Netherlands, Belgium, Luxemburg, France, Argentina, Uruguay, Italy, Portugal and Greece.

the great bulk of imports in the form of consumption goods. The proportions of capital goods particularly machinery and equipment, to total imports as already stated, was only 10 percent compared with the proportion of consumption goods which was 68 percent. The small percentage of capital goods importation indicates that the dollar reserve of the country which had been declining at a fast rate had been impaired primarily by the importation of goods with cater to the immediate consumption needs rather than to the real capital needs of the country. It was felt in mid-1947 that a continued propensity to indulge in consumption imports will drain the dollar reserve of the country which should be devoted to the import of capital goods essential for its economic reconstruction and development. To conserve foreign exchange and to reduce the heavy visible trade deficit, an Import Control Act (Republic Act No. 330) was enacted on July 15, 1948 which authorized the President of the Philippines, "to establish a system of import control by regulating imports of non-essential and luxury articles, creating an import control board authorizing the issuance of rules and regulations to carry into effect such control and penalizing violations of this act."

6. *Salient Points of the Import Control Orders*

Control of the importation of non-essential items and luxury articles started on January 1, 1949, the day Executive Order No. 193 took effect. This order, however, was amended by five subsequent executive orders the last two, Nos. 295 and 297 having been in effect only since December 1, 1949. These orders were further supplemented by circulars issued from time to time by the Import Control Board. All the orders and circulars regulate and explain the workings of the import control. Changes made by the subsequent orders deal principally with percentage cuts, price limits, base period and items to be controlled.

For the first half of 1949, the following were the highlights of the Import Control Orders:

1. Base period: The period July 1, 1947 to June 30, 1948 was the initial base period used by the importers, although as an alternative, importers were allowed by the Import Control Board to use as basis two-thirds of their imports from July 1, 1947 to December 31, 1948.

2. Basis of Quota Limitations: The quota limitation for each article during the first semester was in terms of total money values.

3. The order provided for a definite share for new importers in the importation of controlled items. Later, this provision was changed to limit the quota to new importers who are Filipinos.

4. The transfer of quota from one article to another.

5. Percentage cuts and price limits; the percentage cuts ranged from 20 to 95 percent with items produced locally given a bigger percentage. Certain controlled items had price limits — price limits, in the sense, that no percentage

cut was imposed if the cost of the item (c.i.f.) was below a certain value as set forth by the Import Control Board.

During the second half of 1949, under Executive Order No. 231 effective August, 1949, the following changes were made:

1. Base period used was the average yearly importation during the years 1946, 1947 and 1948.
2. Instead of using money value in all cases as basis for quota, tobacco and soap were given the quota limitation in terms of quantity.
3. Percentage cuts were increased in seven groups of items and decreased in three.
4. Price limits were eliminated in two items, increased in one and reduced in three.
5. Five new items were added to the controlled list.

By the promulgation of Executive Orders Nos. 295 and 297, the Import Control regulations became more rigid with the following changes:

1. Base period changed to 1948.
2. Quantity or value of imports used as basis.
3. Percentage cuts upped in many groups of items and price limits eliminated.
4. Addition of a large number of items to the list of controlled goods.

7. *The Effects of the Import Control*

a. *First Half of 1949*

The total import trade for the first half of 1949 was higher than the imports for the same period in 1948. Imports for 1948 were ₦606.9 million while the 1949 imports amounted to ₦628.1 million. While the import control did not seem effective in stemming the increase in over-all level during the first half of the year, a study of the individual items brings out some notable effects. Among the controlled items, the effectiveness of the import control was felt most in tobacco and manufactures. During the first quarter of 1949, the imports of tobacco and manufactures amounted to ₦7,867,080 as compared to ₦15,140,022 in 1948 or a decline of about ₦7,000,000. There was, therefore, a reduction of about 50 percent. Interesting to note, further is the fact that the reduction of 50 percent in the imports of tobacco corresponds to the average percentage cuts of the same group under Executive Order No. 193.

While import control was successful in reducing the imports of tobacco and manufactures, it seemed to work otherwise in other items. According to available data, most of the controlled items showed an upward revision in their values during the first and second quarters of 1949. Automobiles, one of the controlled items, showed an increase of ₦1,654,820 for the first quarter of 1949 as compared with that of 1948. The import value of automobiles including tires and parts

in the first quarter was ₦16,505,320 in 1949, while for 1948 the value was ₦14,850,500. Another case of an upward revision in the value of their importation in spite of being in the controlled list is rayon textiles and manufactures. During the first quarter of 1948, imports of rayon textiles and manufactures amounted to ₦34,132,162 as compared to ₦41,063,262 for the first quarter of 1949 or an increase of ₦6,931,100. The reason for these revisions being upward instead of downward as anticipated is the presence of price limits. Only automobiles with prices above ₦7,000 were subjected to percentage cuts, and in rayon textiles and manufactures, woven fabrics, percentage cuts were made only on those of high quality above the prices of ₦2.35 a yard for men and above ₦1.50 for women. Thus, imports shifted from the high priced and high quality to those not under the cuts. Judging from the total value of imports during the first six months, it seems apparent that the import control has not been so effective in the reduction of imports and the explanation for its ineffectiveness could be found in the fact the percentage cuts were not adequate, quotas granted to importers could be transferred from one article to another, the putting of price limits on certain important items, and lastly, the small number of items included in the controlled list.

b. *Second Half of 1949*

In view of the discouraging results obtained during the first half of 1949, Executive Order No. 231 was promulgated August 1, 1949 with provision for increased percentage cuts, elimination of price limits on many articles and the addition of more items to the controlled list.

By the end of the year, total imports showed a small decline of 4 percent from the preceding year. There were notable trends in the pattern of imports which are attributable to the import controls. There was a shift in heavy purchases from the controlled items to the uncontrolled articles which were presumed to be essential. Raw materials and capital goods increased their share in the total import trade from 29.7 percent in 1948 to 32.7 percent in 1949. Consumption goods on the other hand, decreased from 70.3 percent in 1948 to 68 percent of the total import trade. The decline in total imports of four percent was, however, too small that a more drastic regulation (Executive Orders Nos. 295 and 297) was promulgated which took effect on December 1, 1949.

8. *Export Control*

Under the export control regulations as provided by Executive Order No. 192 of December 24, 1948, only a few vital commodities essential to the economy of the country were subjected to control. These commodities included a few construction materials, agricultural implements, vital foodstuffs and important industrial goods.

However, as a result of the Supreme Court decision declaring Executive Order No. 192 null and void, restrictions on exports of all the above products

(except those under quota pursuant to the Bell Act of 1946, such as cigars, tobacco, sugar, coconut oil, and buttons) were lifted at the end of September, 1949. In practice, the export controls had not operated in a very restrictive way, and their lifting did not, therefore, make much difference. Most of the items included in the controlled list enjoyed great local demands that there was practically no need for control.

Another regulation on exports which is not really a control on the quantity exported is the Central Bank Circular, dated December 16, 1949, requiring that collection of all proceeds of exports which must be in United States dollars be undertaken or entrusted to a bank incorporated or licensed in the Philippines. This requirement was imposed to insure that the economy receives in full all foreign exchange it earns through exports.

IV. PRODUCTION TRENDS

A. MAJOR EXPORT INDUSTRIES

General Situation

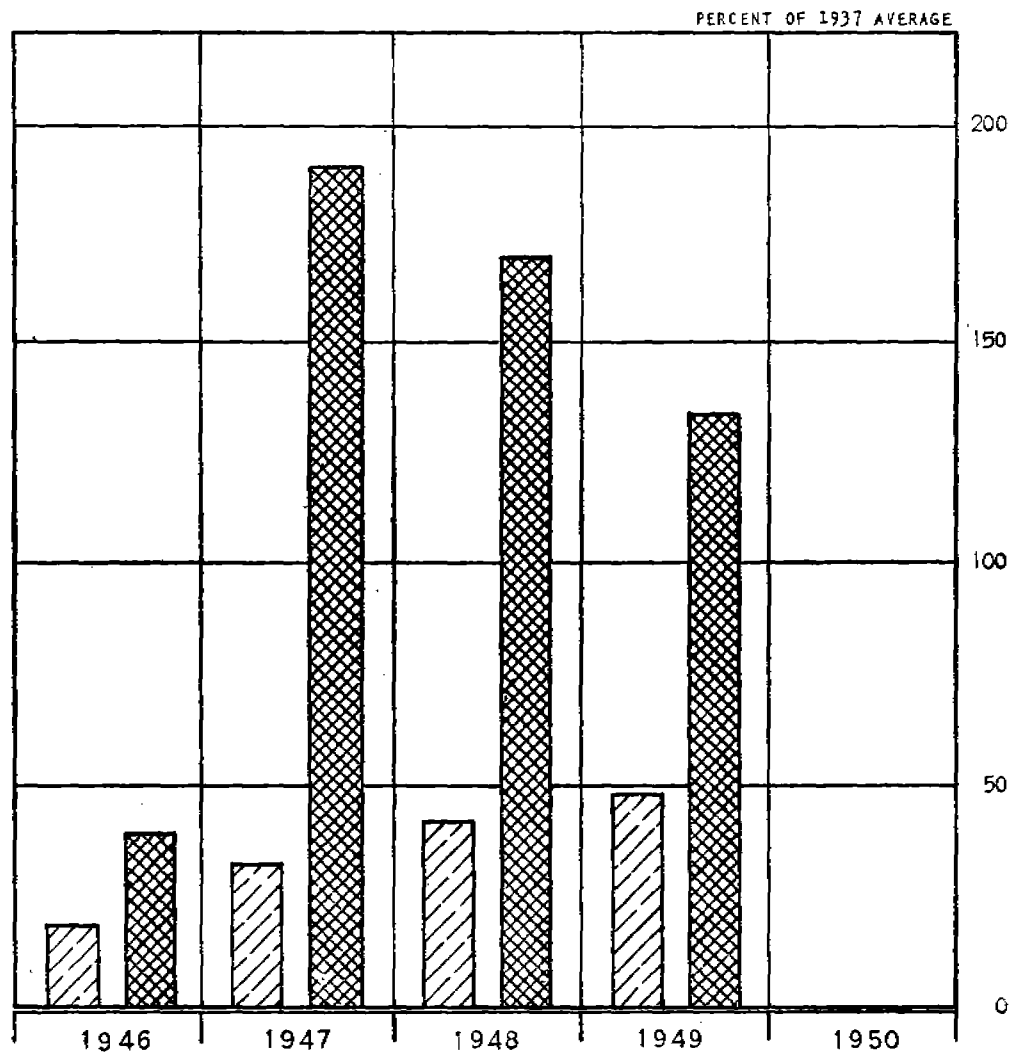
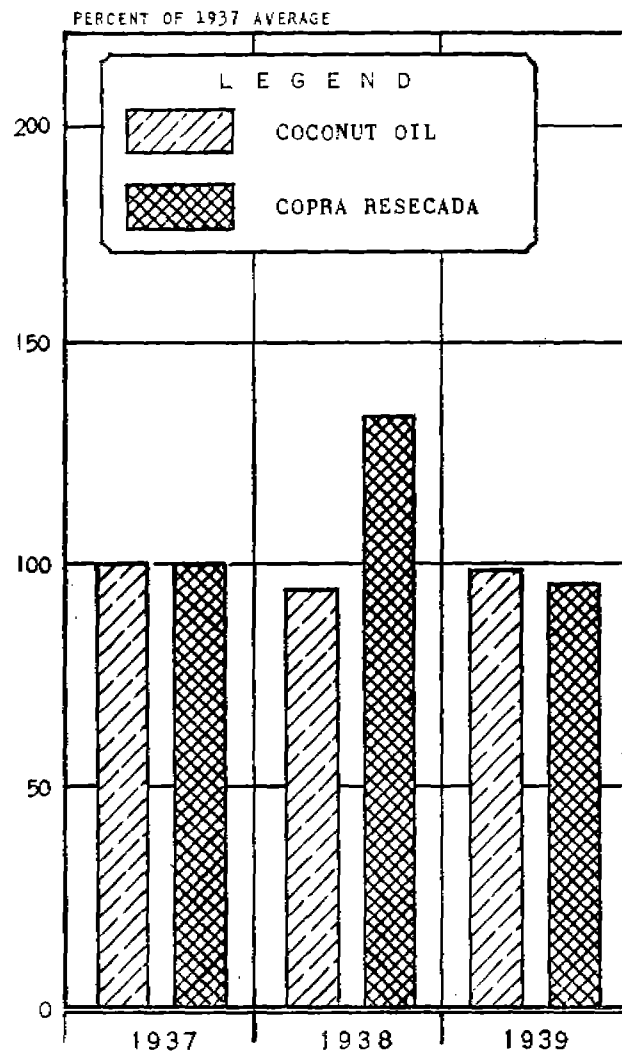
The population of the Philippines is now greater than a decade ago by almost four million or nearly twenty-five percent, but production of major export commodities has, in many instances, not yet reached the prewar levels. As much and even more coconut and coconut products and base metals were produced by the country in 1949 as in prewar, but the production of sugar, abaca, gold, and tobacco and tobacco products was still lagging behind prewar levels. However, there has been a vast expansion in the production of almost all products in 1949 as compared to 1948.

1949 PRODUCTION AS PERCENTAGE OF PREWAR AND 1948

<i>Commodities</i>	<i>1949 Quantity</i>	<i>As Percentage of</i>	
		<i>Prewar</i>	<i>1948</i>
Copra	698,120 metric tons	105	79
Desiccated coconut	58,760 " "	138	130
Centrifugal sugar	661,600 " "	70	183
Abaca, raw	74,510 " "	50	75
Cordage ^a	3,173.5 " "	32	82
Pineapple	29.3 million fruits	141	131
Tobacco leaf	21,920 metric tons	60	127
Cigars	92.2 million units	29	136
Cigarettes	1,830.3 million units	56	137
Lumber	492 million board feet	141	111
<i>Mineral Production</i>			
Gold	287,900 fine ounces	52	129
Chromite	246,744 metric tons	305	96
Manganese	26,288 " "	103	103

^a Exports only.

COCONUT OIL AND COPRA RESECADA PRODUCTION



1. *Coconut and coconut products*

The total area planted to coconut in 1949 was 965,500 hectares, an increase of 5,500 hectares over 1948. In 1946 and 1947 the area was the same as in 1948. The planting of young coconuts on 5,500 more hectares was probably encouraged by the favorable world prices in 1948. Coconut products are copra, desiccated coconut, coconut oil, and copra meal or cake. Although coconut trees suffered little damage during the war, the machinery and equipment for the manufacture of coconut products such as coconut oil, copra cake, vegetable lard and desiccated coconut suffered serious damage.

The production of copra in 1949 was 698,120 metric tons, 21 percent below the 1948 level. The decrease was partly due to the damage wrought by typhoons in late 1948, partly to the heavy declines in copra prices during the first three quarters of 1949 and to damage done by a pest known as "Kadang-kadang". Although production declined by 21 percent, exports in 1949 decreased by only 10 percent from 1948. The 1949 export figure was still 55 percent more than the prewar year 1940. The production of copra made a spectacular gain since 1946, when it was 203,806 metric tons, to 998,140 metric tons in 1947,¹ and increase of almost five times. The 1947 production was unprecedented and the sudden increase shows how elastic the supply of this product can be.

Desiccated coconut production in 1949 was 58,760 metric tons, 30 percent above that of 1948. Practically all of this amount was exported in 1949. Before the war desiccated coconut production averaged only 38,000 tons, all of which was also exported.

Coconut oil production in 1949 was 102,300 metric tons, or an increase of 14 percent over the 1948 figure. In 1946 the total was only 40,000 metric tons but in 1947 an increase of 70 percent was attained, and in 1948, 32 percent over the 1947 figure. While coconut oil was increasing by an average of about 30 percent in production, the 1949 level was still only about half of 1939. The exportation of this product during the year under review was 61,304 metric tons, or an increase of 30 percent over the preceding year. In 1940 the volume of export was 185,902 metric tons. It is said that production would have to increase to 240,000 metric tons to meet the requirements for domestic consumption and the prewar export level.² With the present trade control measures, a production of more than 240,000 metric tons would be required, particularly to meet

¹ It is to be noted that there is a wide discrepancy between this production figure and the export figure of 1,008,402 metric tons for 1947, which may be explained by the stock carry-overs and also by the fact that production is based on the crop year, while exports on the calendar year.

² See Thomas Hibben of the United States Department of Commerce for the Joint Philippine-American Finance Commission, "Philippine Economic Development," Manila, June 7, 1947, page 33.

the needs of margarine and soap manufacture. It is the consensus that with sufficient supplies of caustic soda, the present soap manufacturers would be able to supply the needs of the country in soap and other allied toilet articles if the flow of coconut oil supplies would be continuous and adequate.

Copra meal and cake production in 1949 was 68,250 metric tons, 13.8 percent above the production in 1948. Of this amount, 96 percent was exported. The prewar production was about 140,000 metric tons, of which about 100,000 metric tons were exported annually. The 1949 production was only 49 percent of prewar but exports were 65 percent of the prewar level.

Philippine copra enjoyed high prices in the United States in 1948, the average during the year being \$248.00 per short ton. From mid-1948, however, on to 1949 the price of copra had dipped considerably. In January, 1949, it stood at an average of \$233.80 per short ton. Its decline continued till September 22 when it hit the low point of \$145.00. Then it rose to \$190.00 per short ton in November and, after dipping slightly in December, 1949, rose by another \$2 to the price in recent weeks of \$192.00 per short ton. It appears that the devaluation of the pound sterling and other currencies did not affect the demand and price for Philippine copra in the United States market.

However, while Philippine copra is not affected as yet by the devaluation of foreign currencies in relation to copra from other sources, trade in copra and coconut oil is suffering from the competition of substitutes which, together with the increasing incidence of "Kadang-kadang" infestation in Southern Luzon, might reduce production in 1950.

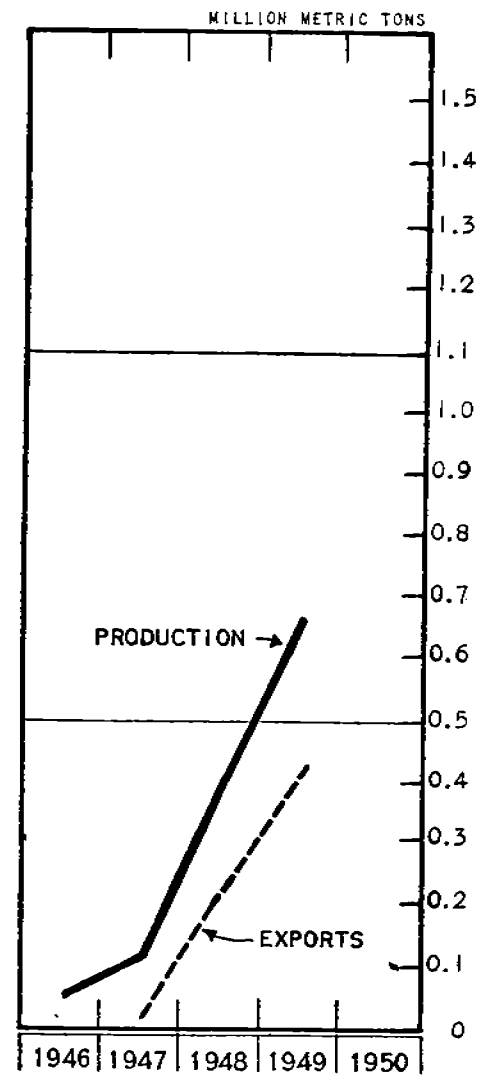
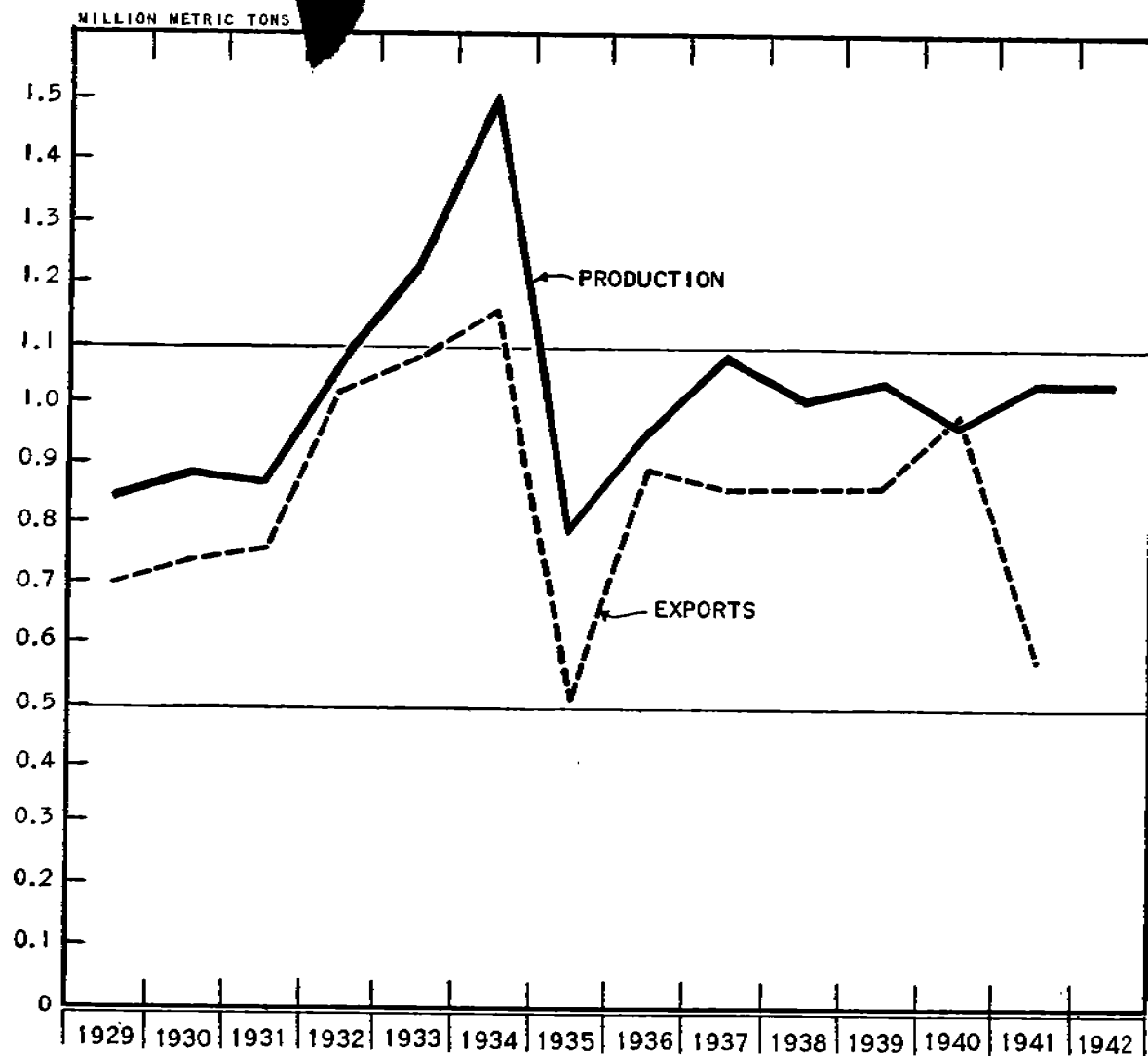
2. *Sugar*

In 1949, the area planted to sugar cane was 128,960 hectares compared with 82,320 hectares in 1948, or an increase of 56.7 percent. The large increase in area planted was partly stimulated by the increase in the number of sugar mills from 23 in 1948 to 28 in 1949 and partly by the desire of planters to fill the export quota in the United States market.

The expansion of output of the sugar mills in operation during the crop year 1949 resulted in a spectacular increase in the production of centrifugal sugar from 381.2 thousand metric tons in 1948 to 661.6 thousand metric tons in 1949, or an increase of 83 percent. However, 1949 centrifugal sugar production was still 30 percent below the 1940 level.

The sugar industry has been receiving a great deal of attention not only from the people in the industry but also from the government. Latest estimates indicate that the 1950 crop which was originally expected to be short of the 1949 output due to damages wrought by typhoons, will reach 660.98 thousand metric tons, which is not far from the 1949 production.

SUGAR PRODUCTION AND EXPORTS OF THE PHILIPPINES





The substantial increase in production hiked up exports from 216.8 thousand metric tons value at ₱41.6 million in 1948 to 415 thousand metric tons valued at ₱90.5 million in 1949. However, the total quantity of centrifugal sugar exported in 1949 was still less than one-half of the annual export quota to the United States. Other sugar products which were exported in 1949 included molasses. The aggregate value of all sugar products exported in 1949 constituted 18.7 percent of the total exports for the year.

The price of sugar in the world market continued rising from the 1948 level of \$5.56 per 100 pounds in New York to the average price in 1949 of about \$5.80 per 100 pounds. The wholesale price of sugar for domestic consumption in Manila per picul was ₱18.41 in 1948 and ₱18.86 in 1949.

3. *Abaca*

In 1949 total abaca products exported, both raw and manufactured, amounted to ₱61.9 million, representing a 12-1/2 percent share in the entire export trade during the year. These products occupy third place among domestic exports.

In 1949 the preliminary production figure available for abaca was 74,510 metric tons, 25 percent below the total for 1948. The area planted to abaca in 1949 was 500 hectares less than in 1948 which was estimated at 283,200 hectares. The production level during the year under review was only one-half of the prewar year 1939, notwithstanding the higher prices prevailing in the world market. The reasons adduced for the decline in production were the indiscriminate stripping of abaca plants by squatters in some plantations, the lack of capital to renovate plantations, and the prevalence of mosaic disease.

During 1949, the Rehabilitation Finance Corporation had promulgated a credit program tailored to the needs of private growers. A branch of the RFC was established in Davao and made available to planters advances of fixed amounts up to a maximum of ₱800 per hectare. Alongside this plan was the development project of 10,000 hectares under the National Abaca and Other Fibers Corporation in the Davao area. Another was the 7,500 hectare hemp project of Marsman and Company. These projects, upon attainment to full production, would contribute materially to increasing production and exports in years to come. The new plantings in Davao appear to be entering the production stage as shown by the increase in pressings during January and February. It is anticipated that the 1950 production may reach the level of 1948 or an increase over 1949 of 62 thousand bales.

By and large, the total production of abaca cordage goes to the United States. Despite higher prices for cordage, the exports in 1949 of 3,173,456 kilos was 17.8 percent lower than in 1948. This decrease brought down receipts from ₱4.1 million to ₱3.6 million. The over-all exports of cordage to the United States in 1949, in the amount of 867.6 metric tons, was 31.8 percent of the yearly quota of exports for this product.

4. *Other fibers*

Other minor fiber products are maguey and ramie. Maguey production in 1949 was very much below 1948 and was only 7.3 percent of 1937.

Because of growing appreciation of the potentialities of ramie, the expansion of local production has been given increasing official and private attention. During 1949, a proposal to establish a ramie industry in Mindanao was advanced by the Philippine Ramie Development Corporation. According to a technical report submitted to the National Economic Council, this proposal envisaged planting of 20,000 hectares to ramie, involving an outlay of ₱15,250,000.00. A loan of ₱10,000,000.00 was being sought from the National Government. At present, there are several private concerns exploring the development of the industry. Two of these firms are the Philippine Decorticating Co., Inc., and the Philippine Ramie Development Corporation.

RAMIE EXPORTS SINCE LIBERATION ARE SHOWN BELOW:

	1940	1941	1946	1947	1948	1949
Quantity in metric tons	849.3	1,441.5	45.2	10.5	92.2	20.2
Value in pesos	478,775	995,052	46,780	13,914	78,270	13,402

One impediment to expanded production at present it said to be the lack of facilities for decorticating ramie. Interest in the production of this fiber, however, continues to increase.

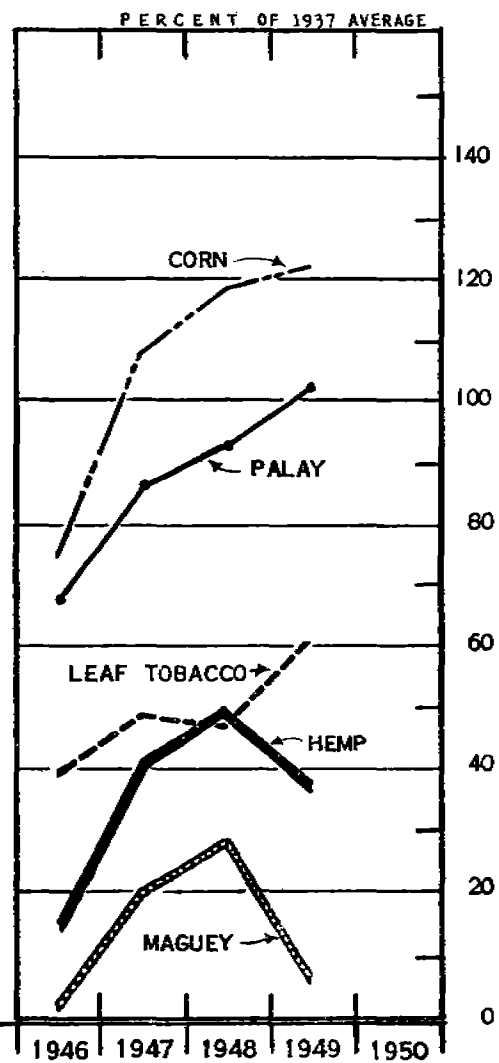
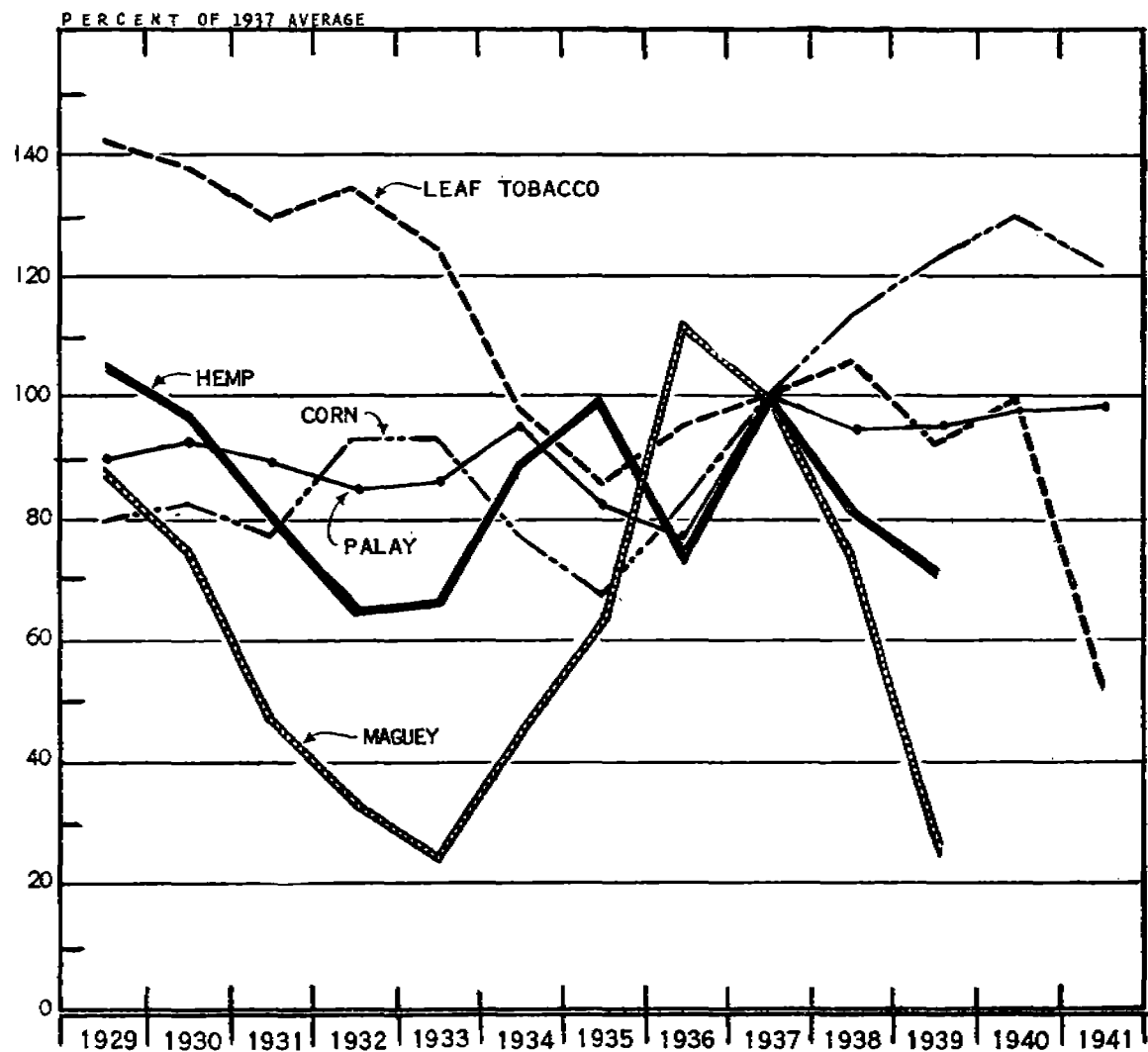
5. *Tobacco and Manufactures*

Tobacco is one of the oldest exports of the Philippines. In 1949 38,740 hectares were planted to tobacco compared with 33,680 hectares in 1948, or an increase of 15 percent. The production of leaf tobacco in 1949 was 21,920 metric tons, or 27 percent more than the 1948 production but still about 40 percent below 1937. About one-half of the tobacco produced is grown in the Cagayan Valley. Panay, Cebu and Negros grow cigarette tobacco and other leaf is grown in La Union and Pangasinan.

It is expected that tobacco production will increase 40 percent in 1950 over 1949 given continued favorable weather, due to the stimulus given by trade controls. Because of the reduced imports of cigarettes and the prohibition against importation of leaf tobacco, the output of local cigarette factories increased which in return is creating a demand for local tobacco. As a consequence, increased production of leaf tobacco can be expected.

The total value of cigars and cigarettes manufactured from locally grown tobacco in 1949 was ₱37.4 million compared with ₱27.3 million in 1948, or an increase of 37 percent. The output was valued at ₱16.6 million in 1948. The number of cigars produced in 1949 was 92.2 million (87.1 million in 1948) and of cigarettes, 1,830.3 million against 1,861.8 million in 1948. The 1949 produc-

AGRICULTURAL PRODUCTION OF SELECTED PRODUCTS



tion of cigars was about 29.9 percent and of cigarettes, 56.5 percent, of prewar (1937).

The total value of exports of tobacco products in 1949 was ₱4,333 thousand as compared with ₱9,928 thousand in 1938. The export value in 1949 was 56 percent below prewar (1938) with exports to the United States very much below the quotas of 6.5 million pounds for scrap tobacco, stemmed and unstemmed filler tobacco, and 200 million pieces of cigars.

The following shows the production and export of tobacco products in 1949:

	<u>Unit</u>	<u>Export</u>	<u>Production</u>
Leaf tobacco	metric tons	21,920.0	5,088.5
Cigars	million pieces	92.2	1.57
Cigarettes	million pieces	1,830.3	0.61

Philippine imports of tobacco products from the United States during the postwar period have been enormous. In 1947 the total value of tobacco products imported was almost three times than that of 1940. In 1948 the total value rose 10 percent more, reaching ₱49.4 million compared with ₱14.8 million before the war (1940). American cigarettes made up 97 percent of total tobacco products imported. During 1949, import control measures decreased the total value of imports of tobacco products to ₱37.6 million. This represented a decrease of about 24 percent from the level of the preceding year. This value, however, is still about 2-1/2 times that of prewar.

6. Forest Products

The forest products which have been producing dollars for the Philippines consist of timber, logs, lumber, almaciga, gum elemi, rattan (both manufactured and unmanufactured), and raw rubber. The total value of these products in 1949 was ₱9 million, representing 1.8 percent of the total value of exports. More than half of this amount was accounted for by lumber. Since the lifting of the ban on the exportation of lumber our exports have been increasing. In 1947 0.3 million board feet were exported; in 1948 the figure was 10.8 million board feet; but in 1949 total export of lumber was 22.6 million board feet, or more than 75 times that of 1947 and more than double that of 1948. During the space of two years exports of this Philippine product showed encouraging increases; nevertheless, it was still more than 60 percent below the level of 1940.

The domestic postwar demand for lumber is much greater than prewar. Physical reconstruction is still incomplete. For the last two years the average monthly production of lumber was about 34 million board feet but monthly average export was only about 1 million board feet. The difference of 33 million board feet flowed into domestic consumption. The price of lumber today is still more than 3-1/2 times that of the prewar year 1940.

7. *Pineapple*

The production of pineapple, principally in Mindanao, has been increasing. In 1949, 29.3 million fruits were produced, a level which was 31 percent more than that of the preceding year, and 41 percent more than the prewar year 1939. Barring destruction by typhoons and other accidental factors, the production during 1950 is expected to be more.

The Philippine pineapple industry has been contributing a substantial amount of dollars to the Philippine economy. In 1949 the value of exports of canned pineapple, principally produced by the Philippine Packing Corporation, was ₱13.7 million, almost double that of the preceding year. In 1940 the value of exports of canned pineapple was only ₱5 million. All our exports of this commodity before the war and postwar periods have been to the United States only.

8. *Embroideries*

No figures are available on the physical production and consumption of embroideries in the Philippines. However, the trend of embroidery exports shows that there have been decided increases in production.

The embroidery industry before the war was an important dollar producer. In 1940 exports of embroideries to the United States was ₱9.2 million, an amount which placed this export No. 5 in the list of leading exports of the country. Last year, the total value of embroidery exports was ₱12 million, placing embroidery No. 7 in the list of important exports.

9. *Minerals*

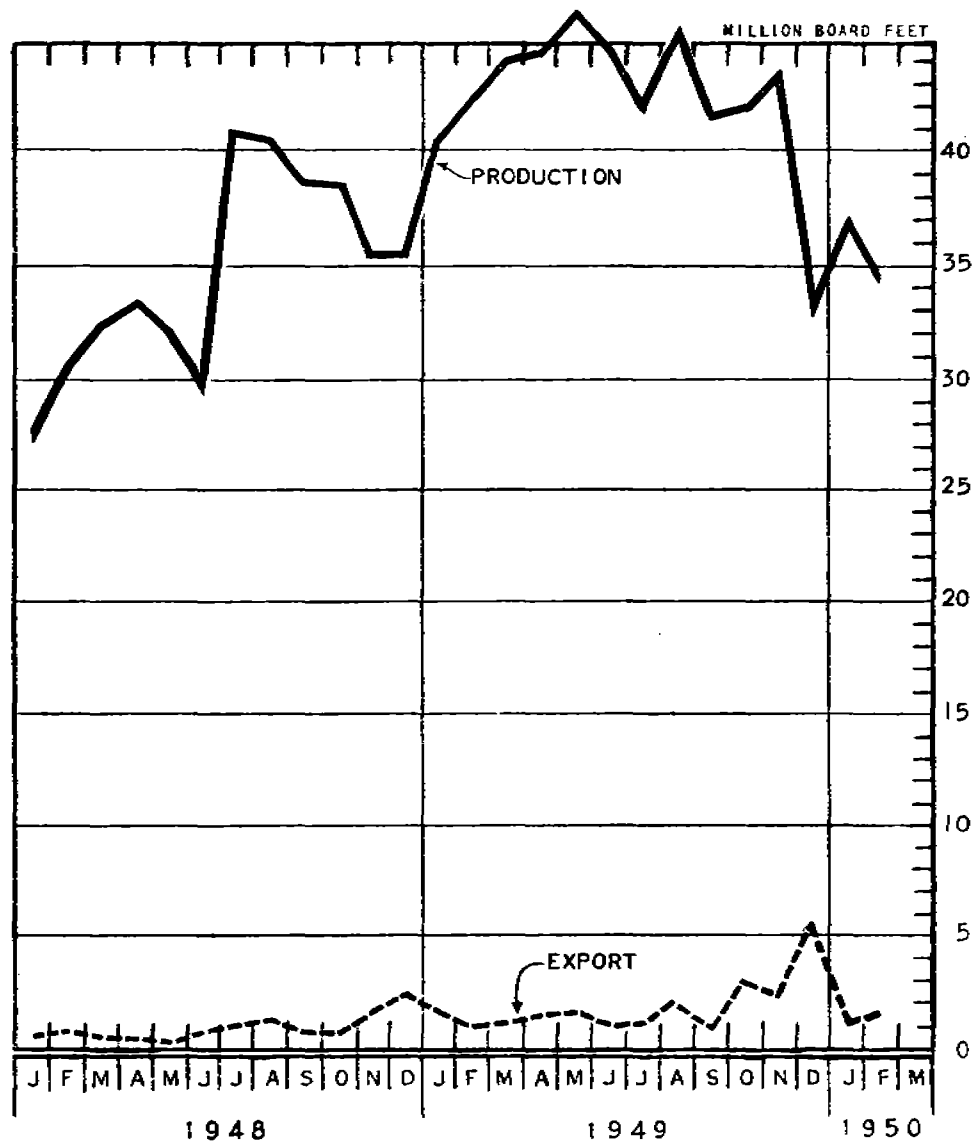
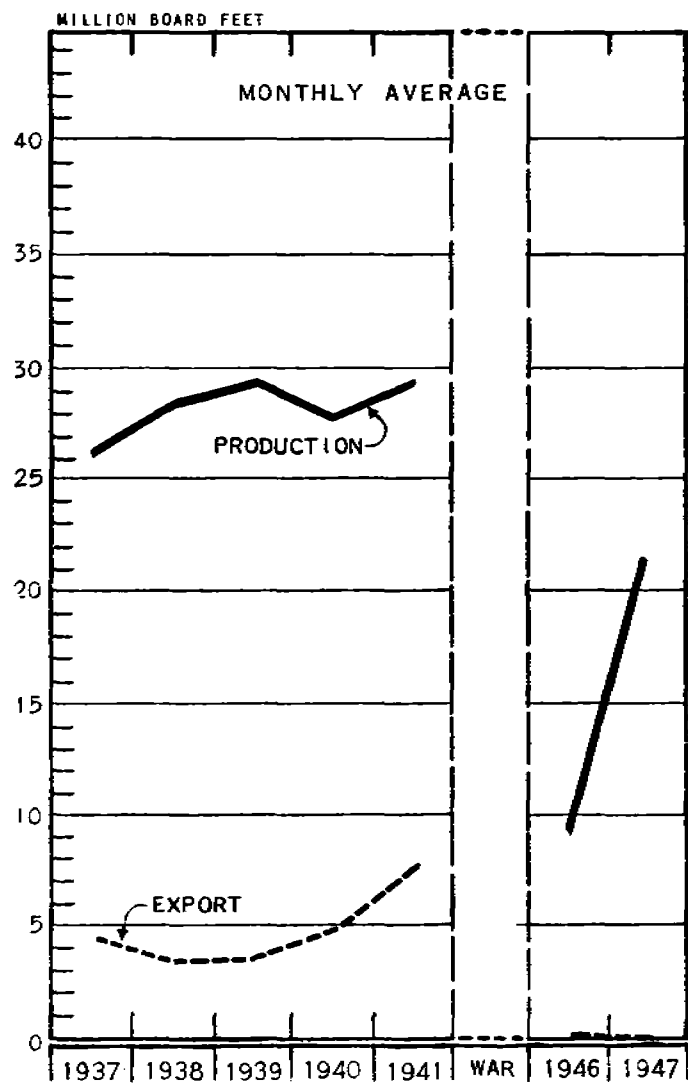
Mineral production during 1949 has improved by 29 percent in physical volume as compared with 1948. However, it was still almost 52 percent below that of 1937.

a. *Gold*.—The volume of production during the year increased 37.6 percent over 1948. However, the legal price of \$35.00 per ounce obstructs the rehabilitation and exploitation of low grade mines. In 1949, the physical volume of gold produced was only 39.3 percent of 1937.

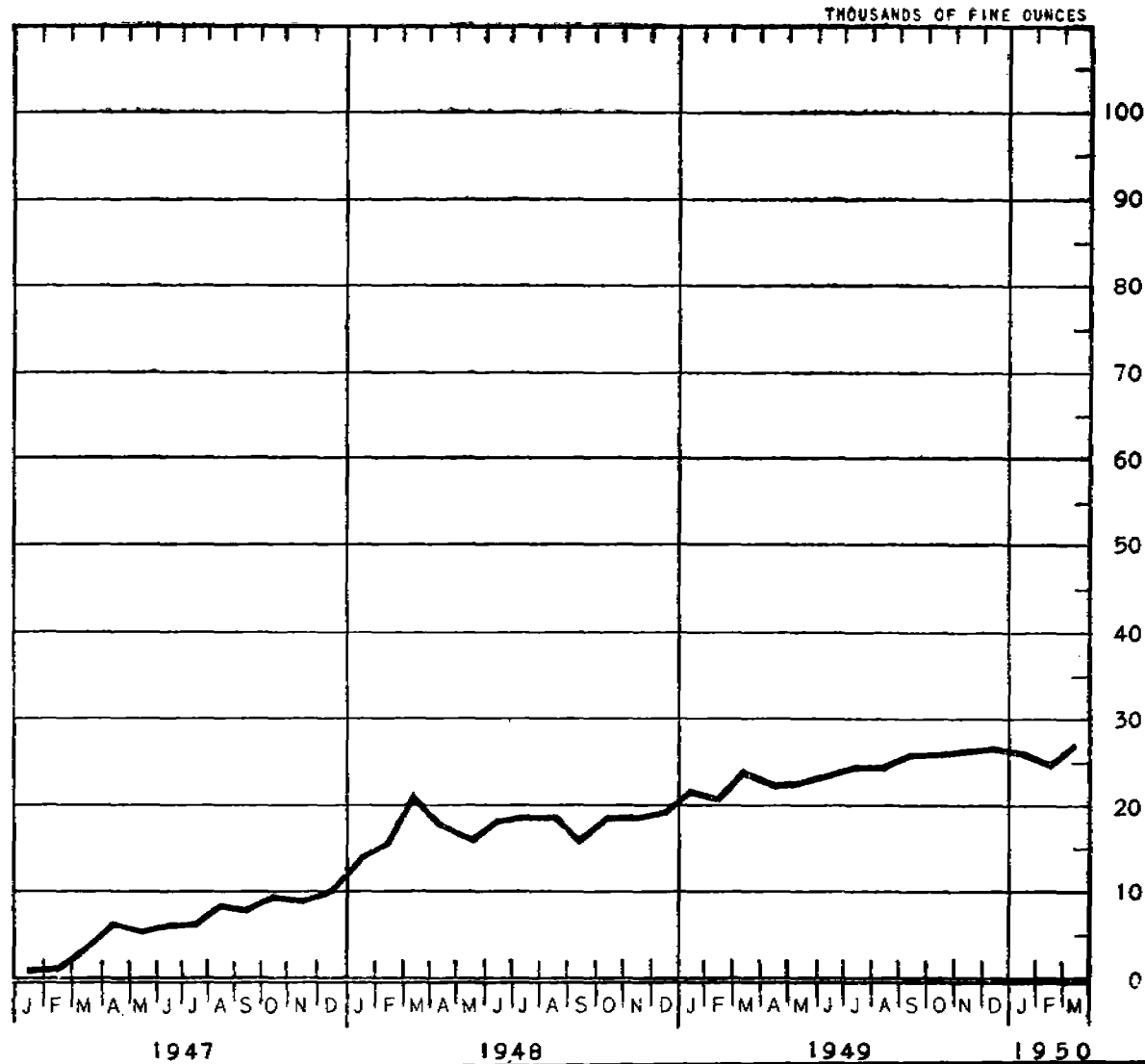
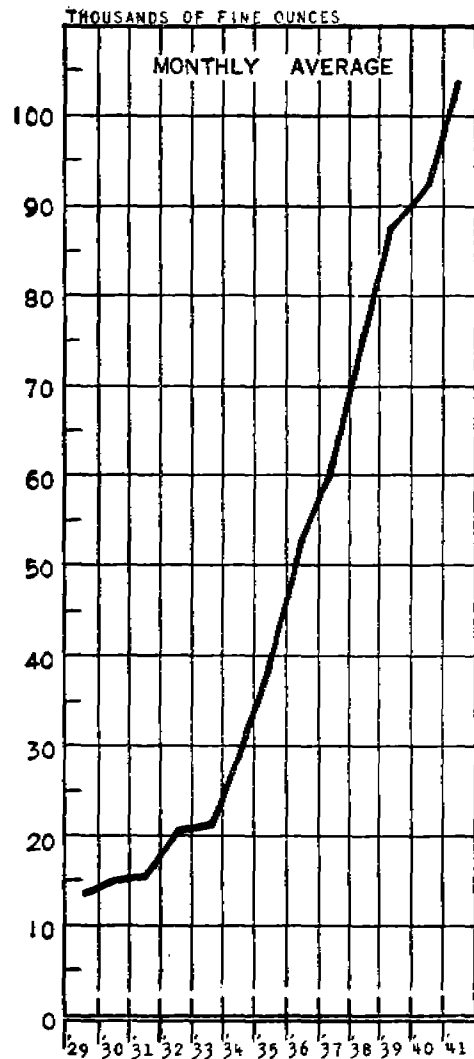
The gold mines that are already producing are looking forward to a busy year. Certain improvements are made at each of the mines which would increase production and lower costs. Work is also being undertaken to rehabilitate four mines which are expected to operate in 1950.

Before the war, gold exports gave the Philippines annually an income of ₱75.8 million. In the postwar period it is not possible to determine how much foreign exchange is actually realized from the export of gold because of the existence of a black market and the prevalence of smuggling in spite of restrictions imposed after adherence by the Philippines to the International Monetary Fund Agreement.

LUMBER PRODUCTION AND EXPORTS



GOLD PRODUCTION IN THE PHILIPPINES



b. *Chromite and Manganese.*—The production and export of less precious metallic minerals have given the Philippines relatively more income than gold. Chromite, exports of which in 1940 amounted to 194,393 metric tons valued at ₱3.9 million, produced 246,744 metric tons in 1949, with an export value of ₱5.6 million. Philippine chromite sold in the United States was valued at ₱5.1 million.

Exports of manganese in 1948 was about the same as prewar, but in 1949 the value went down to ₱946,000.00 from ₱1,486,000.00. The decrease in exports was due to a diminished demand for this mineral in Japan where about three-fourths of our exports went in 1948, the remaining one-fourth, to the United States. In 1949, two-fifths of the export volume went to Japan and the remainder, to the United States.

c. *Iron Ore.*—Iron ore production in 1949 was 370,172 metric tons, around twenty times more than in 1948. However, this was only about 30 percent of the 1940 level which was worth ₱5.5 million at the time. 1949 exports, all of which went to Japan, with a value of ₱4.8 million was 16 times the total value in 1948.

Increasing demand for iron ore for export has so encouraged production of this mineral that output in 1950 can be expected to be larger than in the previous year.

d. *Copper.*—The production of copper in the Philippines was 37,572 metric tons in 1940. In 1949, production was only 18.6 percent of this amount, but its value was more than the value in 1940. The total value of exports of copper, consisting of copper scrap metal and copper concentrates, amounted to ₱6.9 million, 69.7 percent more than 1948. This figure was more than twice the export value in 1940. In 1948 and 1949, copper concentrates were exported only to the United States.

Increased export of copper is expected in 1950 due to the expansion in the capacity of the Lepanto Consolidated Mining Company from 500 tons to 1,000 tons daily.

e. *Cement*

The production of cement in the Philippines has shown a remarkable increase from 1945 to 1949. The 1947 production was 85 percent of 1940 output which amounted to 141,231 metric tons. The increase in 1949 from the level of the preceding year was 12 percent with output placed at 157,587 metric tons. This was 5 percent below 1940.

The importation of cement showed much larger percentage increases than production. Before the war (1940) only 764 metric tons were imported, valued at ₱48,800.00. In 1947, imports increased to 25,075 metric tons, valued at ₱1.6 million. In 1948, it rose tremendously reaching 94,022 metric tons with a value

of ₱6.2 million and a volume increase of 274 percent. During the first half of 1949, the quantity imported was 62,231 metric tons valued at ₱2.8 million.

The heavy imports of cement has been due to the large demand for this material for road and building construction projects financed partly by United States Government funds. However, cement imports are expected to drop considerably upon the completion of these projects.

B. MAJOR FOOD PRODUCTS

The Philippines made remarkable progress in food production despite such difficulties as shortages of work animals, capital goods and other materials, and social unrest. The production of principal food crops, such as rice, corn, beans and vegetables, cacao and coffee, fruits and nuts, peanuts, root crops and other food crops in 1946 was at the low level of 2.74 million metric tons. The following year this record was bettered by 28 percent, and in 1948, by another 1 percent. In 1949, the production of principal food crops increased to 3.95 million metric tons, 11 percent above 1948 and 13 percent above the prewar year 1938. There had been an increase of 44 percent during the last three years.

1. *Rice*

Rice is the most important food crop in the Philippines. About 72 percent of the population uses rice as their staple food.

In 1946, the production of rough rice (palay) was 1.6 million metric tons and this amount was about 70 percent only of production in 1938. It filled up about 60 percent only of total requirements in 1946. Production continued to increase gradually and in 1947 reached 2.1 million metric tons or an increase of 31 percent from the preceding year. 1948 brought production up to a total of 2.24 million metric tons, or an increase of 7 percent over 1947. In 1949, it amounted to 2.5 million metric tons or 12 percent above 1948, but it was still 89 percent only of total consumption requirements. The balance of requirements since liberation had been covered by heavy importations from abroad.

In 1948, imports of clean rice amounted to 120 thousand metric tons valued at ₱45.8 million as compared with 38 thousand metric tons valued at ₱2.5 million in 1940. For 1949, the import estimate was 160 thousand metric tons but up to the end of September, the recorded actual imports has reached only 120.5 thousand metric tons.

At year's end, carry-over stocks of imported rice stood at about 50,000 metric tons which together with the large crop expected, should bring 1950 imports of rice down considerably compared with the previous year.

The total area planted to rice in 1949 was estimated at 2,164,000 hectares with an average production per hectare of 1.15 metric tons of rough rice (palay). The total area planted in 1949 was 6.8 percent more than that of the preceding year when average production per hectare was 1.11 metric tons. The difference

in average yield per hectare could have been due to the damage inflicted by the typhoons in 1948 on the standing crop during that year. Average production in the Philippines appear much lower than in Japan where advanced methods of rice culture are employed.

However, as a result of the government construction of additional irrigation system and the facilities being extended by the Department of Agriculture for the acquisition and use of fertilizers by rice growers, improvement in yield per hectare is expected.

Increased rice and corn production is also anticipated from the projects of the Rice and Corn Production Administration.

2. *Corn*

Next to rice, corn is another important food crop. About 20 percent of the people use it as their principal food staple.

Corn production in 1946 was 331,000 metric tons (shelled). This was 66 percent of 1938 production and 53 percent of the total requirements for consumption. The succeeding year, 1947, saw a remarkable increase in production to 472,000 metric tons, or 43 percent over 1946. 1948 production amounted to 519,000 metric tons, or 10 percent over 1947. The 1949 crop was damaged by seasonal typhoons during the early part of the crop year and the production of 534,000 metric tons is only 3 percent above 1948. The 1949 total was still 7 percent below the 1940 level, during which the country was self-sufficient in corn. At present, corn production has reached 83 percent of total requirements.

The postwar importations of corn had not been as substantial as rice. During the first nine months of 1949, 6,499 metric tons, valued at ₱1,575,110.00 came in from abroad. 1940 corn imports had a value of ₱47,518.00.

3. *Beans and Vegetables*

Under the category of beans and vegetables are included varieties of beans, cabbages, eggplant, mongo, radish, garlic, onions and tomatoes. Since a large portion of the population is located in rural areas where money income is low and where the growing of beans and vegetables is relatively easy, a sizeable segment of the population is probably self-sustaining in these items.

In 1946, the production of beans and vegetables, amounting to 32,240 metric tons, was 83 percent of 1938. Production expanded steadily well beyond the 1938 level, rising in 1947 to 106 percent, in 1948 to 114 percent and in 1949 to 153 percent of that level. However, the increased population with its corresponding increased consumption requirements necessitated the importation of a large amount of vegetables. The estimated total imports of vegetables in 1949 was 32,000 metric tons valued approximately at ₱10 million compared with 22,-

ooo metric tons valued at P2 million in 1940. In 1948, the country imported a substantial amount of fresh cabbages, garlic and onions valued at P5.8 million. The institution of import controls on vegetables such as asparagus, cauliflower, celery, ginger, lettuce, onions, garlic, and a host of canned items should cut imports and stimulate local production whenever feasible of these items.

4. *Fruits and Nuts*

Fruits and nuts were perhaps less affected by the ravages of the past war. In 1946, production was 101.5 percent of the 1938 level. In 1947, it was 42 percent more than the preceding year. As a result of the seasonal typhoons, it dropped in 1948 by 48 percent from the 1947 level. In 1949, the production of 280,000 metric tons was 56 percent over that of 1948, and about 8 percent above the 1938 level. In spite of the increase, production was still short of consumption requirements.

5. *Root Crops*

About 8 percent of the entire population depends on root crops as their primary staple food. Root crops consist primarily of cassava, gabi, Irish potato, sweet potato and ube.

The rise in production of root crops was unprecedented. The substitution of root crops for rice and corn in the daily diet during the war stimulated growth such that by 1946 the production of 434,000 metric tons was 30 percent above the 1938 output. In the next three years the average yearly increase was moderate, approximating 7 percent. In 1949, the production of 528,000 metric tons was 58 percent more than the 1938 output and constituted 13 percent of the aggregate production of food crops.

In 1949, the total quantity of imported root crops, fresh, canned and dried, was approximately 12,000 metric tons which was about 20 percent below the quantity imported in 1948. This decrease in imports may be attributed to the import control measures. However, the 1949 imports was still 20 percent over that of 1940. A complete ban on the importation of root crops would save about a million and a half dollars in international reserves.

6. *Livestock and Poultry Production*

The principal livestock consist of carabaos, cattle, horses, hogs, goats and sheep. The carabao, being the work animal in rice cultivation and also a principal source of meat and milk in rural areas, is probably the most valuable among these animals.

In 1940, there were 3 million carabaos, but the war wiped out more than one half of them. On January 1, 1945, there were 1.3 million, but on January 1, 1949, the number increased to almost 2.0 million. This, however, is still 33 percent below the prewar number. Agricultural production during the last three years has been greatly handicapped by the shortage of carabaos.

The cattle population in 1940 was 1.4 million. On January 1, 1945 the estimated number of heads was 560 thousand. Owing to the excessive slaughter of cattle during the early liberation period, this number was further reduced by January 1, 1946 to 444 thousand, or a decrease of 21 percent. The number of cattle on January 1, 1949 was 705 thousand, still 50 percent below the 1940 level. Cattle is raised primarily for its meat. In Manila slaughter houses alone the dressed weight of slaughtered cattle in 1946 was 2,266 metric tons which represented a decrease of 29 percent from 1938. From 1946 on, there had been a steady decrease in the physical volume of dressed beef in Manila, amounting to only 1,351 metric tons in 1949 or a decrease of 40 percent in 3 years. Although there was increase of about 60 percent in the cattle population from 1946 to 1949, the decrease in the dressed weight of slaughtered cattle might be explained by the partial shift in the fresh meat demand to imported cuts and by the decrease in the shipments of live cattle. Imports of meat products increased substantially from 2,340 metric tons valued at ₱3.54 million in 1946, to 17,512 metric tons valued at ₱17.5 million in 1948. This increase represented four times the quantity imported in 1940 and six times its value. In 1949, the imports of meat and meat products decreased by approximately 58 percent in quantity and by about 11 percent in value from 1948 imports.

Horses also suffered heavy losses during the war. In 1946, the number was only 151,300 compared to 343,500 in 1940, or a decrease of 56 percent. In 1948 and 1949, about 127 horses were imported for stock breeding purposes. In 1949, the total number reached 216,600 representing an increase of 44 percent over that of 1946 but still 37 percent below 1940.

Among the small animals the most important to the national economy have been hogs. The 4.4 million hogs in the Philippines immediately before the war was reduced to 1.5 million in 1946, or a decrease of 66 percent. Despite a moderate increase in the slaughter of hogs in 1949 the total number increased substantially to 3.3 million, reaching the level of the prewar year 1939. Consumption of hogs has improved since liberation days as shown by the quantity of hogs slaughtered in Manila and vicinity. In 1946, the total dressed weight of slaughtered hogs was 7 percent above the 1937 average. In 1949, the dressed weight of slaughtered hogs in Manila and vicinity was the same as in 1937.

Two other small animals of lesser importance are goats and sheep. In 1938, goats numbered 619,100 and sheep 169,300. In 1946, goats were only 30 percent of the 1938 figure and sheep, only 11 percent. In 1949, goats increased to 317,000 or 51 percent of 1938. Sheep increased 63 percent during the last three years but is still 82 percent below the 1938 figure.

Poultry production in the Philippines has made steady gains since 1946, reaching 21.7 million heads in 1949 or about 76 percent of the prewar. A shortage of poultry and poultry products still persists. Imports of poultry products

launches, motor ships and auxiliary schooners, launches, boats and bancas with motor, scows, lighters, barges, cascoes and bancas and sailing vessels, with a net tonnage of 96,893. In 1949, the number has increased to 3,898 with an aggregate net tonnage of 220,026. During the year 1949, the net tonnage of coast-wise shipping which entered or cleared various ports in the Philippines was 5.7 million. In 1948, it was about 5 million tons.

4. *Air Transport*¹

In the field of air transportation, a remarkable postwar growth had taken place.

In 1946, the average number of passengers carried per month by the Philippines Air Lines, both on international and domestic routes, was 11,398, or a total of approximately 137,000 for the year. In 1947, the combined number of passengers carried during the year reached 271,231 and in 1948, increased further to 310,978. The overseas passenger traffic had increased from 8,683 in 1947 to 10,930 in 1948, and the domestic had increased from 262,548 in 1947 to 300,048 passengers in 1948. In 1949, the overseas passenger traffic increased to almost double in 1948 total while the domestic fell below the total of the preceding year by 59,957.

The volume of cargo traffic, excluding mail, also increased. In 1947, the freight carried overseas was 303,768 kilograms. It rose to 451,437 kilograms in 1948, and to 490,656 kilograms in 1949. A corresponding increase was achieved in inter-island air freight service which totalled 4,582 metric tons in 1947, 4,867 metric tons in 1948, and 5,667 metric tons in 1949.

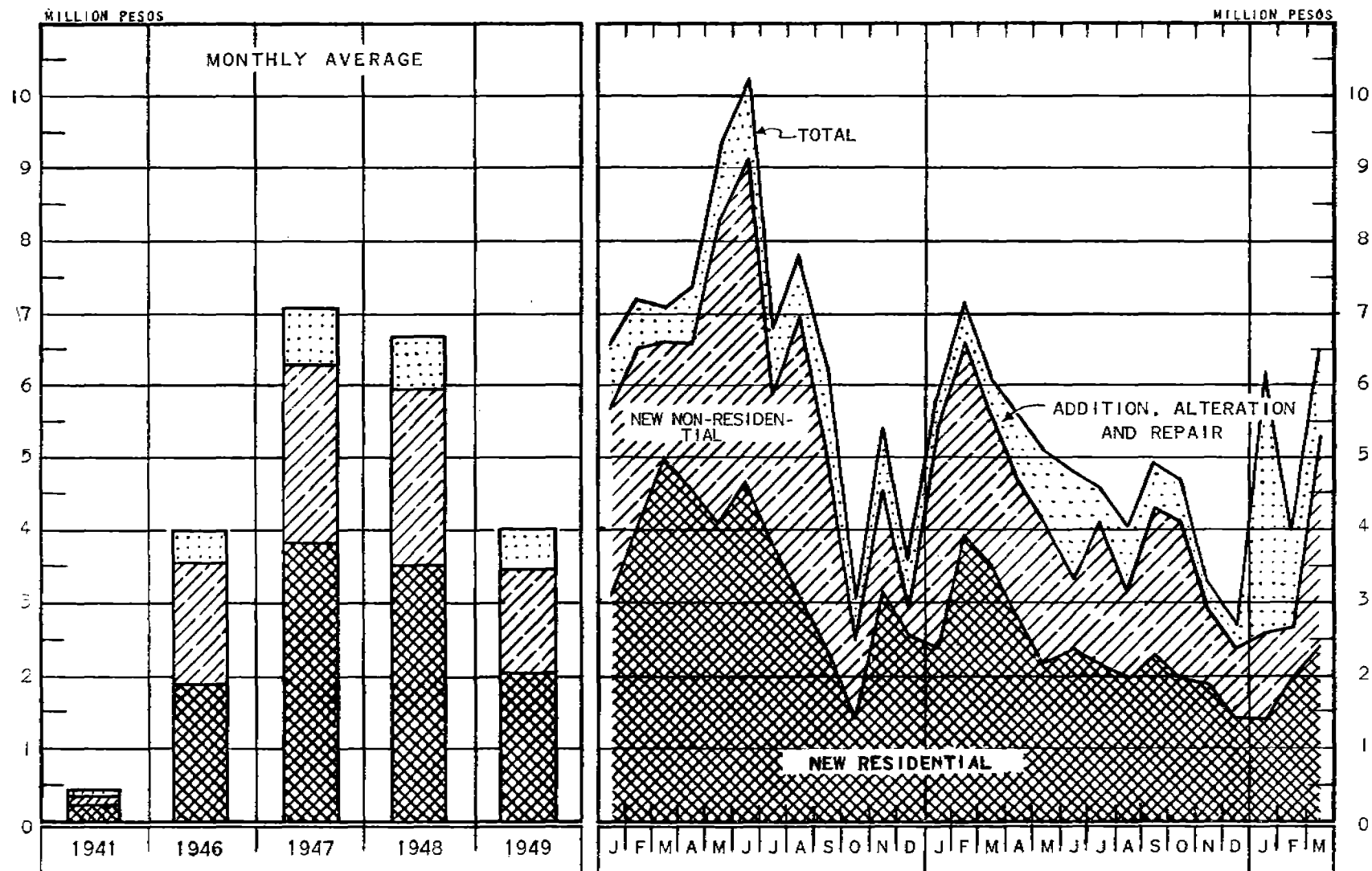
D. BUILDING CONSTRUCTION²

Compared with 1937, the level of building construction activity in the City of Manila in 1946 was 32 percent higher. A firm and steady increase in volume was recorded in subsequent years through 1948 when the average for the year was 250 percent above 1937. The peak of activity was reached in June, 1948, when it was 5-1/2 times that of 1937. There was a slight tapering off during the rest of the year, a trend which was carried into 1949.

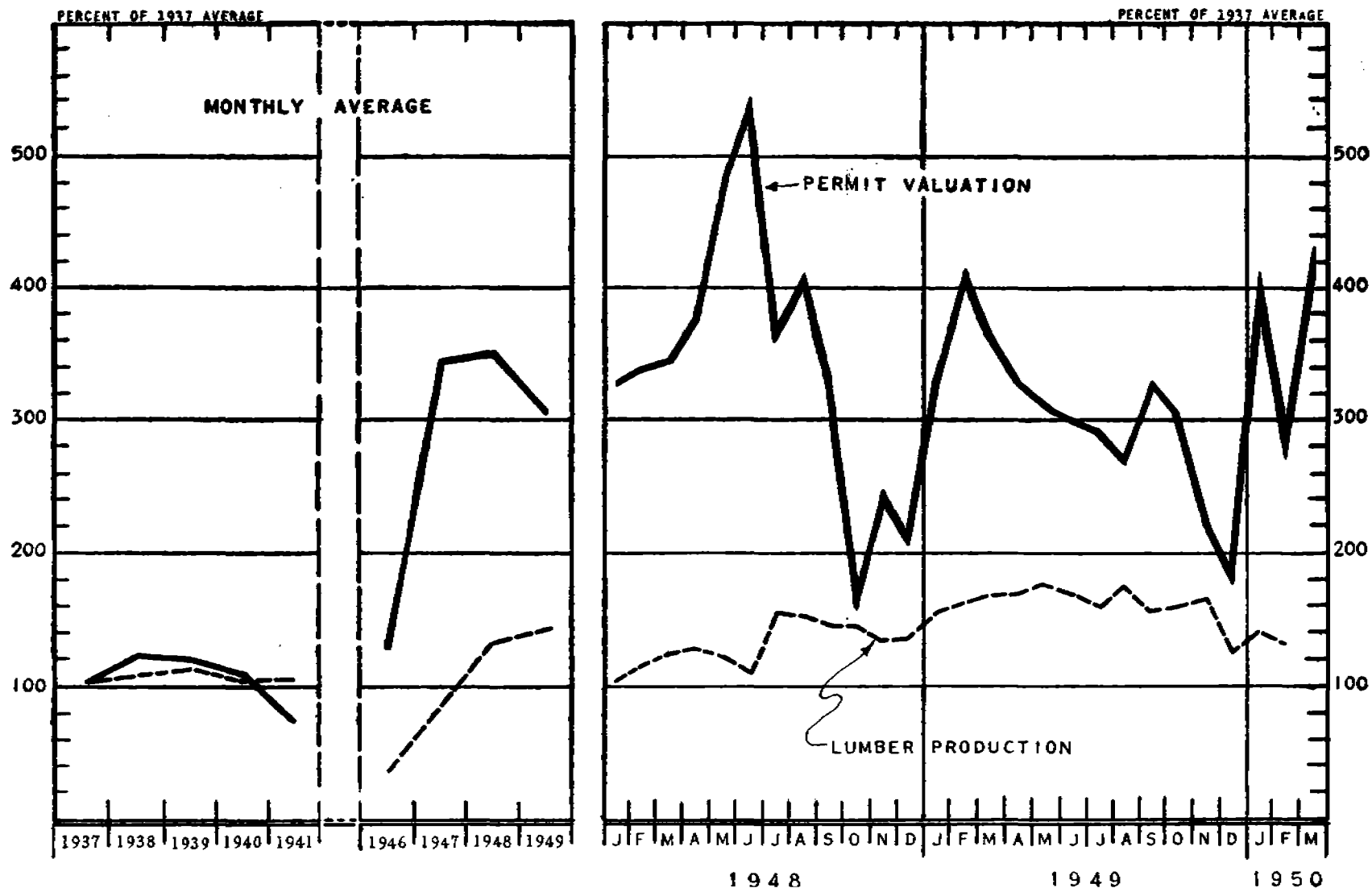
¹ Statistics are still inadequate and only partial information are available on the operations of Philippine Air Lines, Inc., the largest Filipino airline in the international and domestic fields. This company maintains services around the world and also a monopoly on domestic service in-between principal ports and localities in the Philippines. It acquired the Far Eastern Air Transport, Inc. (FEATI) in May, 1947, and the Commercial Air Lines, Inc. in August, 1948. These acquisitions extended further the flight activities of the Philippine Air Lines (PAL). Statistics on international air traffic are difficult to gather as traffic is provided, aside from PAL, by airlines based outside the country.

² Statistics on building construction for the entire country are not available. Only permit valuation of building construction for the City of Manila is available. When permit valuation from 1946 to 1949 was deflated by the price index of construction materials with 1941 base, approximate valuations comparable with 1941 were obtained. The fluctuations of the deflated series serve to indicate the behaviour of the volume of construction activity for the City of Manila.

PERMIT VALUATION OF BUILDING CONSTRUCTION IN MANILA



APPROVED PERMIT VALUATION OF BUILDING CONSTRUCTION IN MANILA AND LUMBER PRODUCTION IN THE PHILIPPINES



In 1949, building construction activity was slightly lower compared with 1948 levels. The average for the year was still 205 percent more than 1937. The peak for 1949 occurred in February when construction was more than four times the 1937 level. From then on, activity declined. The lowest level was reached in December when it was only 83 percent above prewar. The recession in building construction during 1949 bore a high correlation to the continuous decline in real estate prices in the City. The trend of building construction has a striking resemblance to the behaviour of prices as a whole for the City of Manila.

V. 1949 PRICE PATTERNS

The pattern etched by prices in 1949 is more similar to those of 1946 and 1947 than to 1948. This is true of retail prices, of the cost of living and to a certain extent, of wholesale prices. 1948 movements were exceptionally erratic.

A. RETAIL PRICES:

The usual postwar pattern of retail prices appears to be characterized by a rapid decline during the first two months of the year followed by gradual declines extending through to November, changing thereafter to a mild upturn until a seasonal peak is hit during the Christmas and New Year season. The 1949 developments appear to have conformed to this pattern. Rallying strongly from the June 1948 low the retail price index reached a peak of 293.3 (1941 = 100) the following October. Then it dipped slightly down to 286.6 at which level it stood in December 1948. The decline continued into 1949 at a gradual and fairly even rate until November when the index hit the lowest point during the year of 250.1. This basic movement was not changed by the minor flurries which occurred during September and October. In December the index started to climb and the upward movement has continued up to the end of February, 1950. The level reached in February was 269.4, 19 points above that of last November. The monthly rate of increase of 6 points or 2.6 percent a month since November has been fairly even.

Although the December, 1949 increase appears seasonal and is not of such a magnitude as to show that retail prices had been unduly affected by the much exploited psychological reaction to control measures, the continued increase in the index during January and February, 1950, the evenness of the rate of increase during these months and the apparent persistent tendency especially of imported consumption items to increase during the first week of March, seem to presage a new basic upward trend that may continue into the coming months. The February level, however, is still 0.8 percent below the corresponding month a year ago.

B. COST OF LIVING:

By the end of 1949, the cost of living index of a wage earner's family in Manila (1937 = 100) had registered a net drop of 38 points or 9 percent measured from the level at the beginning of the year. In 1946, the index declined by 158.7 points, in 1947 by 60.9 points and in 1948 by 28.4 points. The range of month to month fluctuations during 1949 is narrower than in any of the past four years since liberation.

The 1949 pattern of fluctuations is similar more to 1946 and 1947 than to 1948. Roughly, this pattern consists of a fairly rapid drop during the first two months of the year followed by a stabilized level up to the end of March, after which the index climbs and hits a peak in April and another peak of approximately the same height in July. Thereafter, the index declines, first rapidly and then at a slower rate until about November. The December level is usually a few points lower than November. The movement of the retail price index in 1946 was strikingly similar to this pattern but the similarity did not hold in succeeding years.

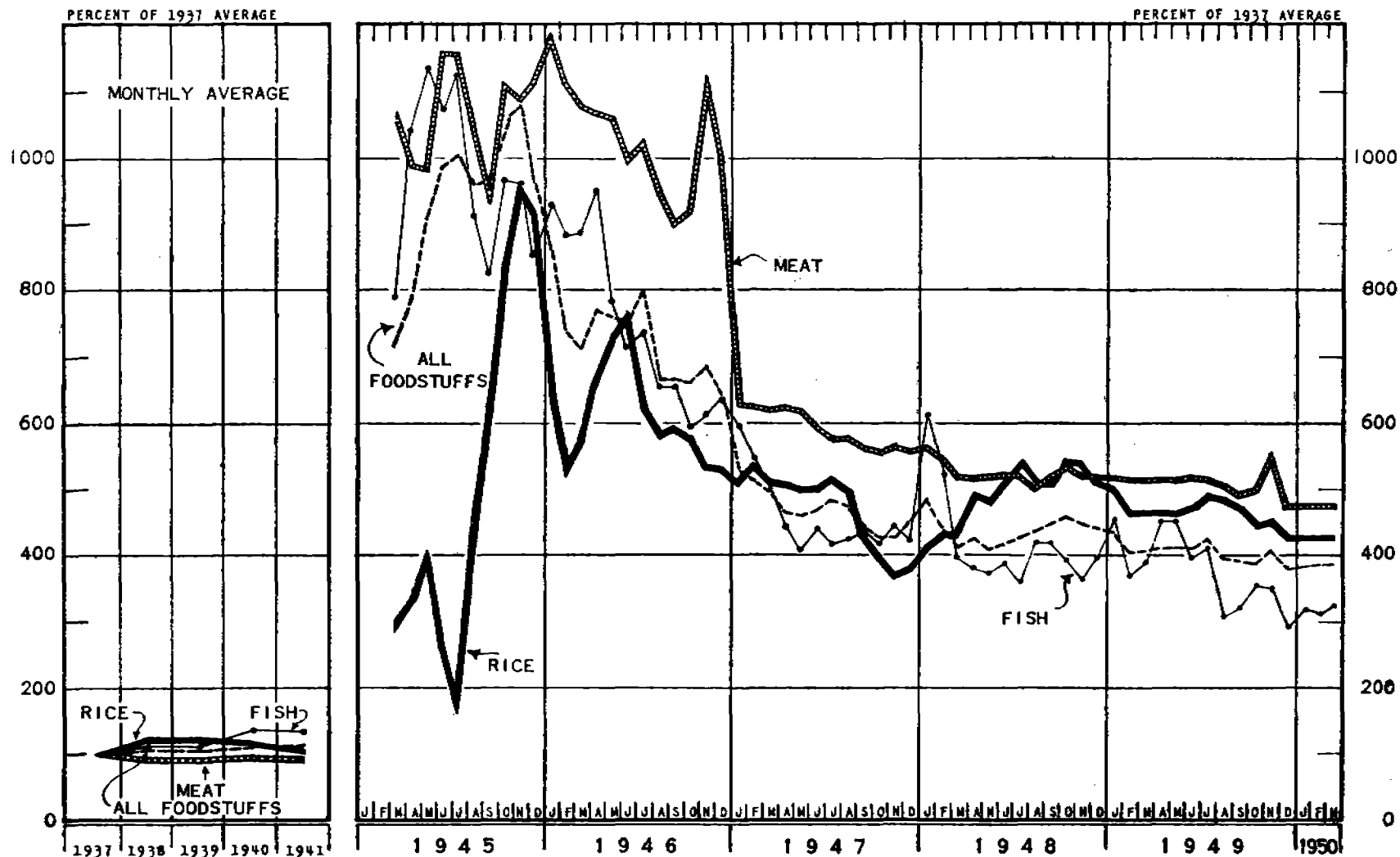
During the first two months of 1950, the cost of living index moved in a direction opposite to the usual movement in these months during the past four years. Starting from a level of 369.5 in December, 1949, the index jumped 3 points in January and another 5 points in February. However, the last level attained is still 2.0 percent lower than the same month a year ago. The increase in the index is due to a net increase of 5 points in foodstuffs, 34 points in clothing and 31 points in miscellaneous items. Clothing increased by 39.8 points from December to January but declined by 5 points in February. Fuel, light and water registered a net decline of 2 points from the December level, but the true direction of the movement is better revealed by looking at the month to month change in this index which showed a drop of 7 points from December to January and a recovery of 5 points in February. House rent remained unchanged from the levels of 1949.

C. WHOLESALE PRICES:

The movement of wholesale prices of domestic products, as distinguished from export products, during 1949 conformed roughly to the pattern of preceding years, including 1948. The predominant pattern in the postwar years in this field seems to be a general increase during the first eight months of the year with two peaks of approximately equal height being attained during the months of June and August, separated by a shallow trough. During the balance of the year, there is a general tendency for wholesale prices to decline.

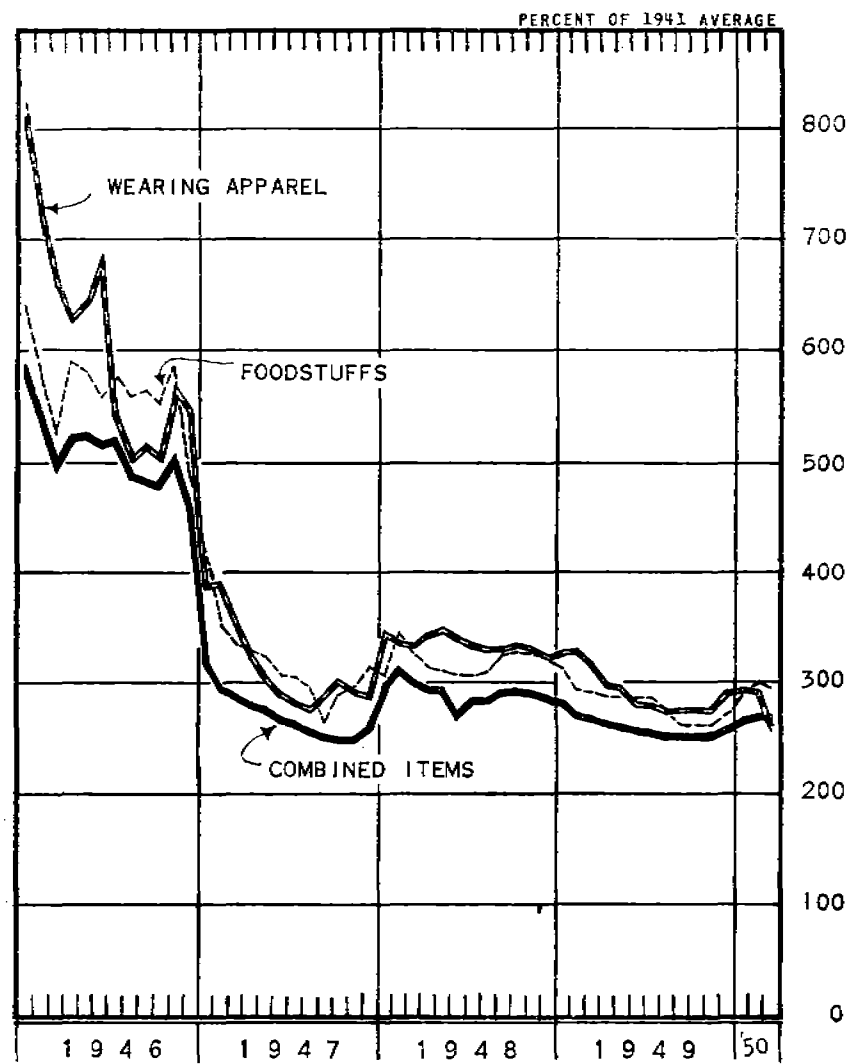
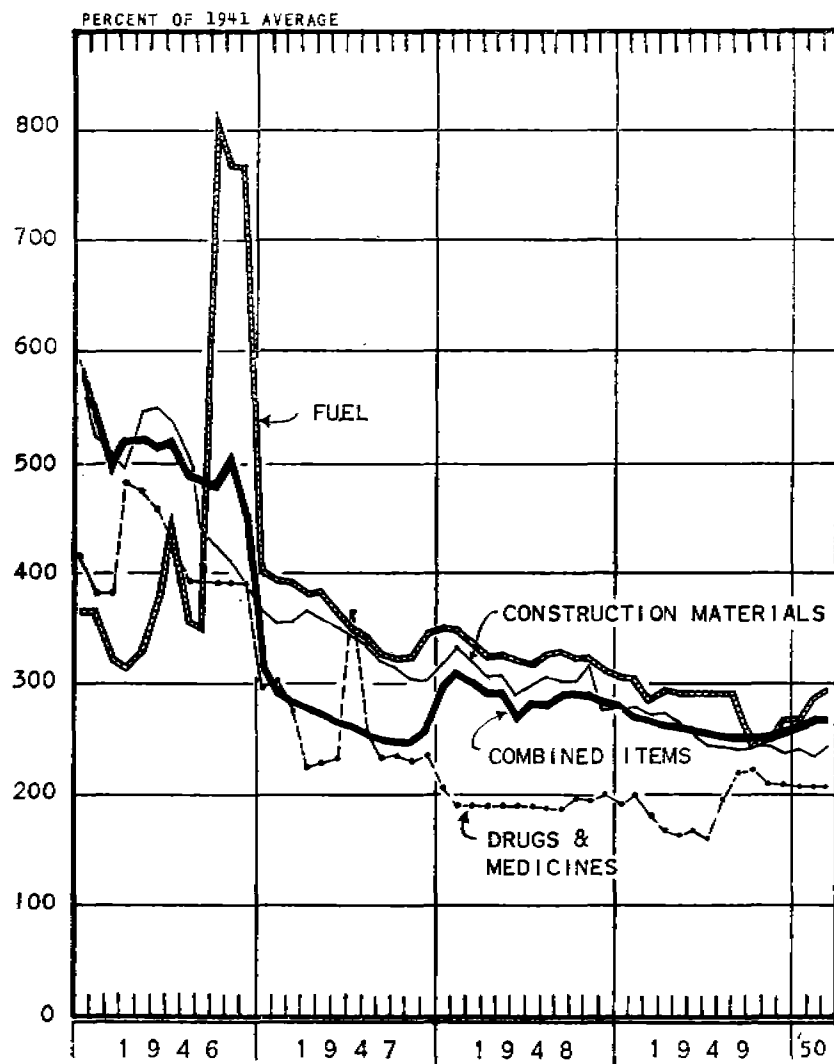
Domestic products registered a net decline during 1949 of 74.1 points. The index stood at 403.3 at the end of the year. Since then the index has increased by 7 points, and in February, 1950 reached a level of 410.0. This is still 15.7 percent lower than the corresponding month of 1949.

RETAIL COST OF FOOD IN MANILA* FOR WAGE EARNER'S FAMILY



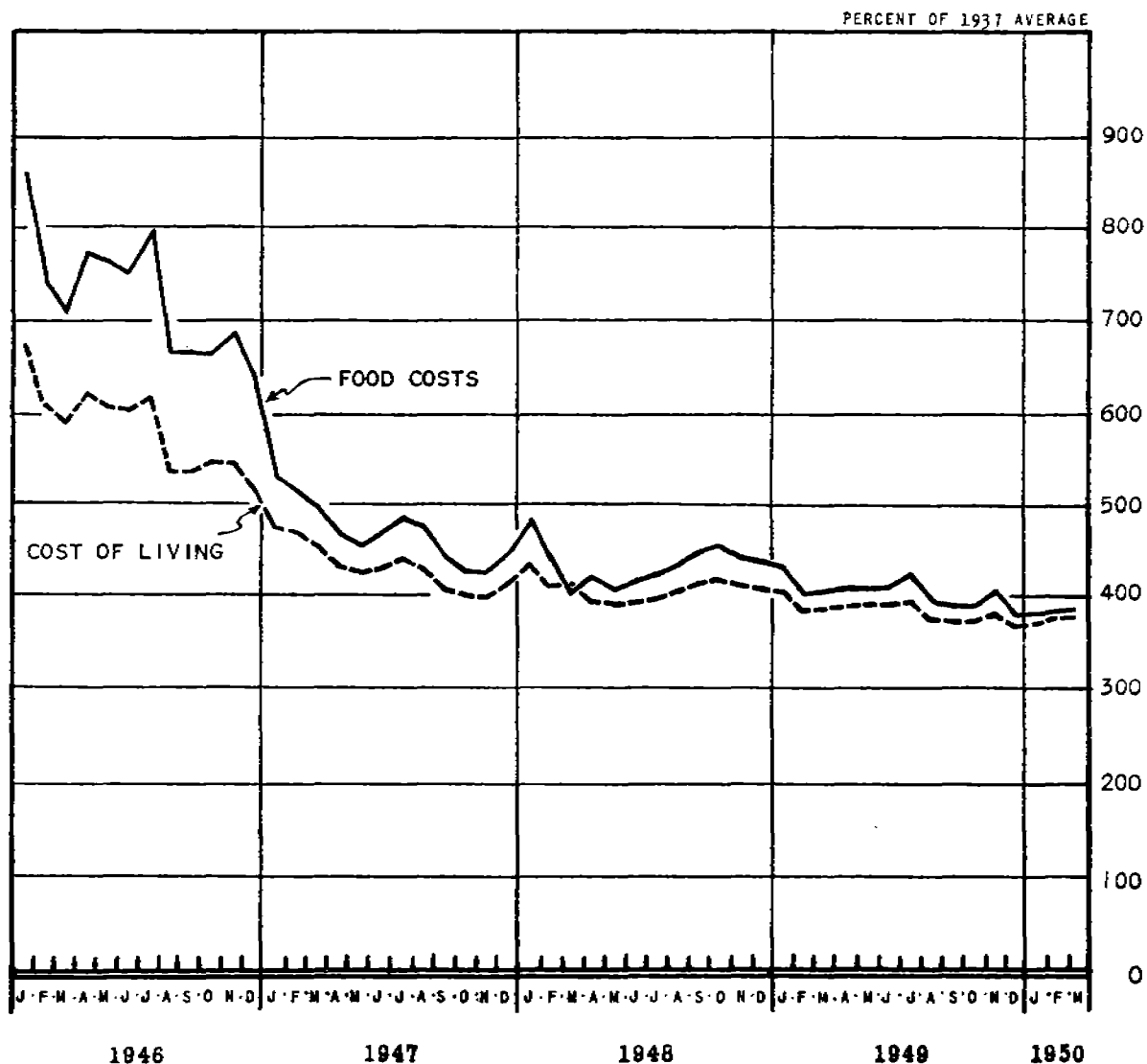
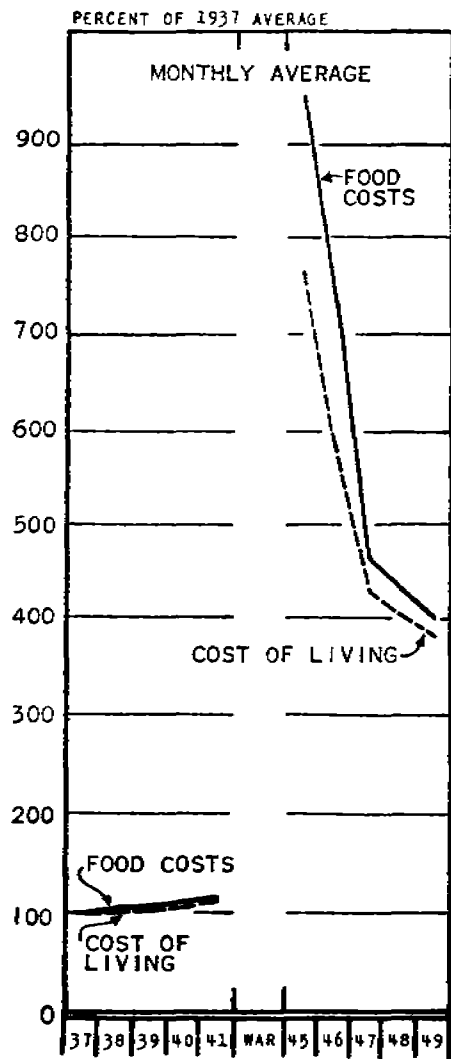
* Index Numbers are of weighted aggregative type.

RETAIL PRICES OF STRATEGIC COMMODITIES IN MANILA*



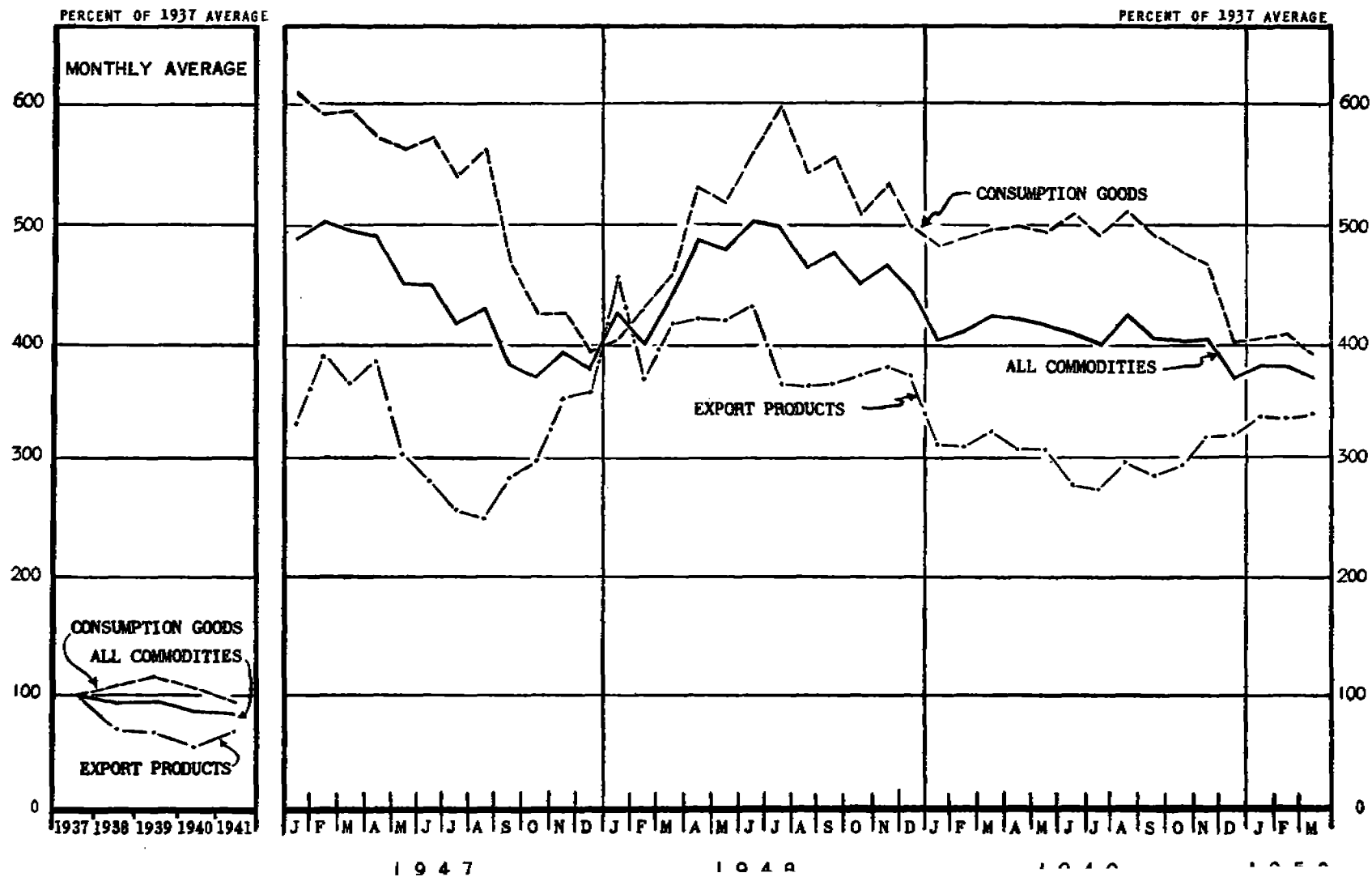
* Index numbers are the unweighted geometric mean of price relatives.

COST OF LIVING AND FOOD COSTS OF WAGE EARNER'S FAMILY IN MANILA



WHOLESALE PRICES

MANILA PRICES FOR DOMESTIC PRODUCTS: EXPORT PRODUCTS AND CONSUMPTION GOODS

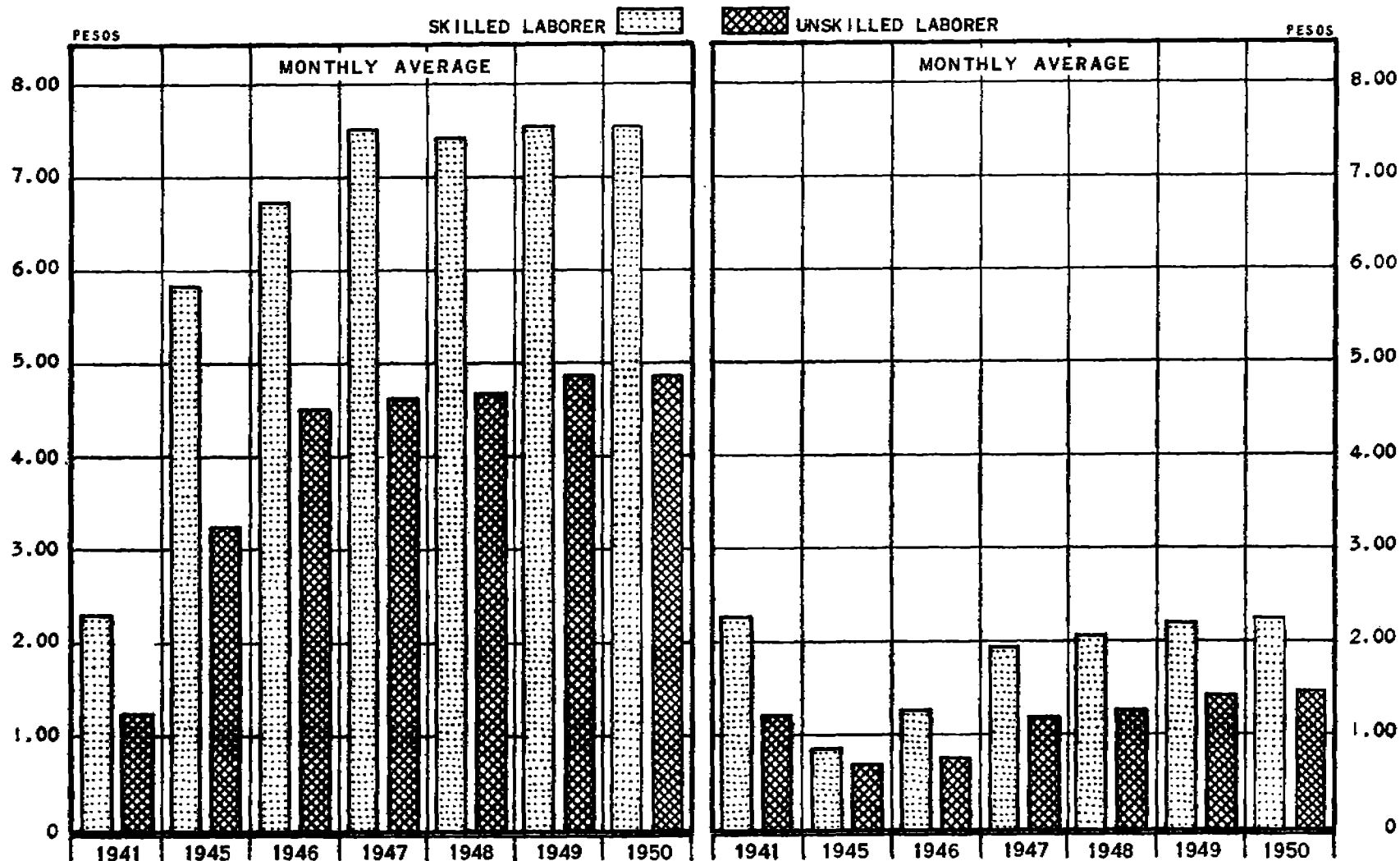


MONEY AND REAL WAGE RATES ^{1/} OF LABORERS

IN INDUSTRIAL ESTABLISHMENTS IN MANILA

MONEY WAGE

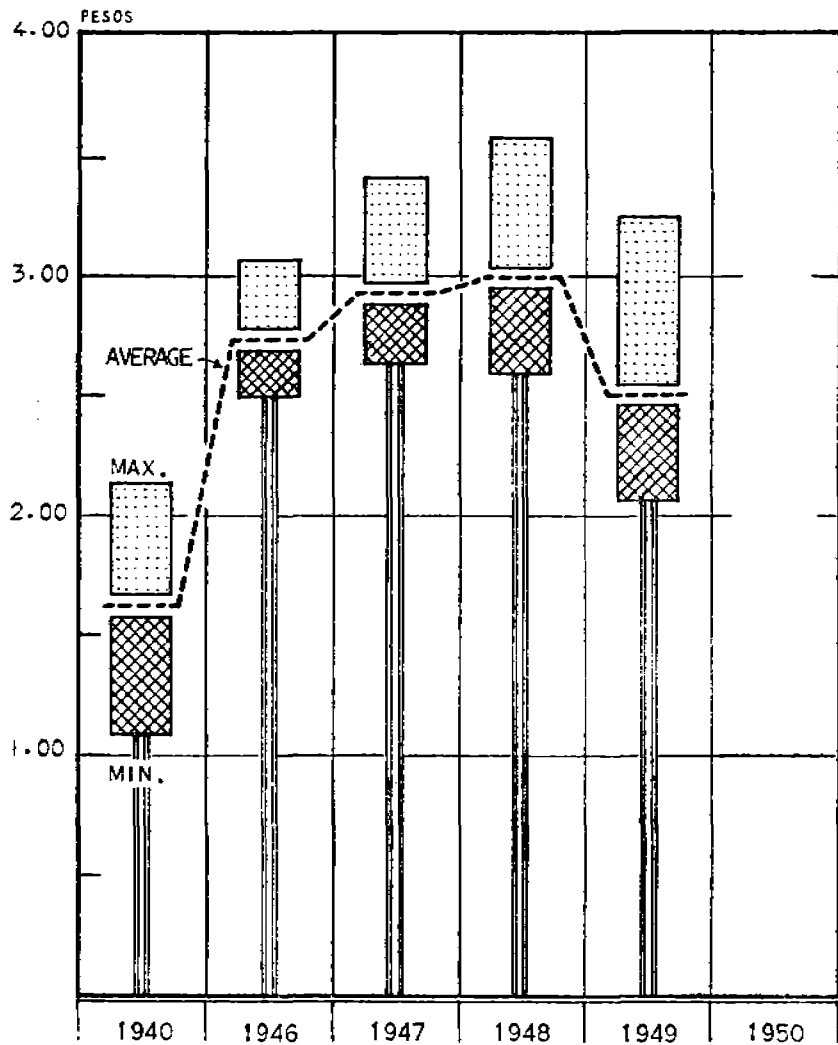
REAL WAGE



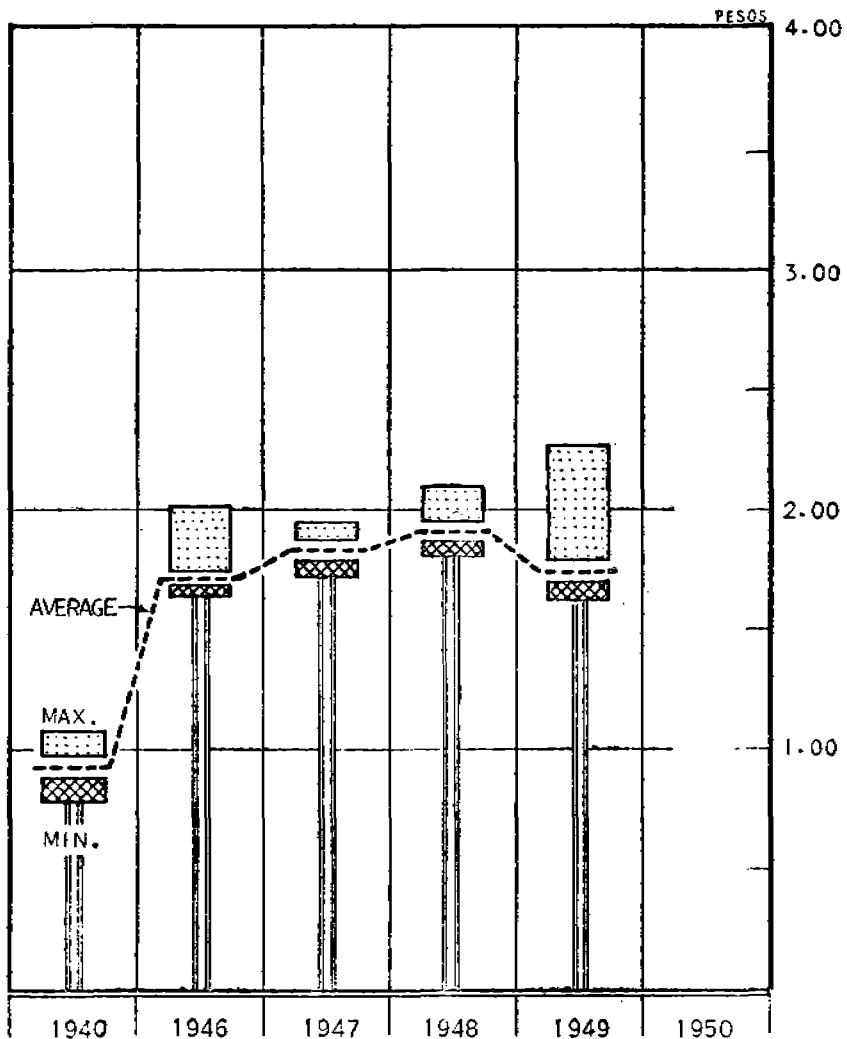
^{1/} Money wages are the weighted average monetary wage rates of each group of laborers. When money wage is expressed in terms of goods and services it can purchase at 1941

WAGE RATES OF LABORERS IN PUBLIC WORKS

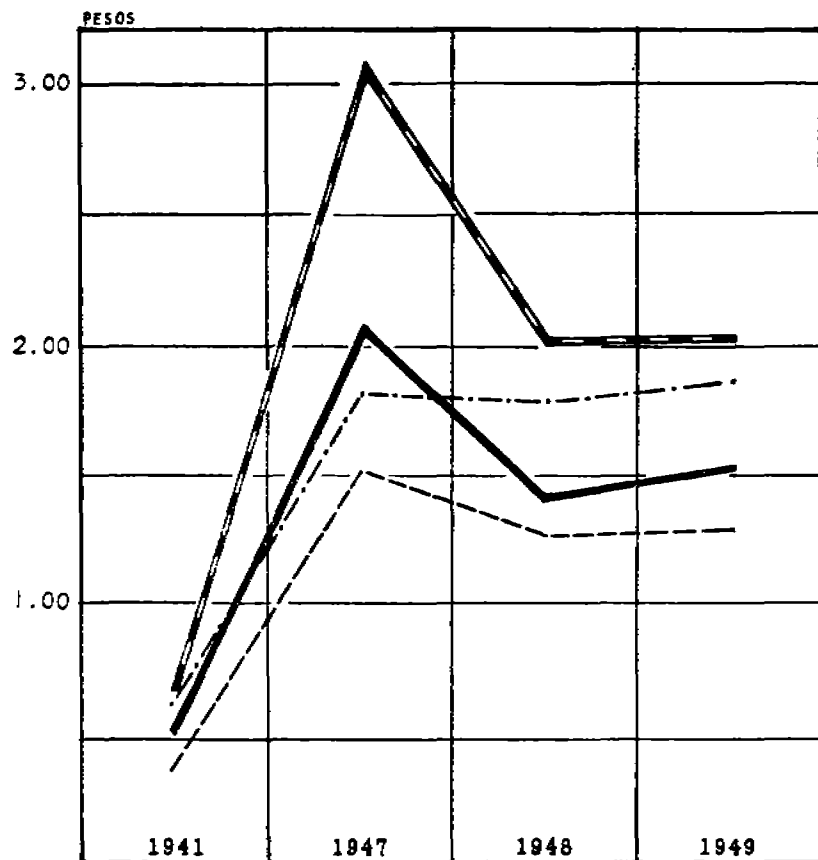
SKILLED LABORERS



UNSKILLED LABORERS

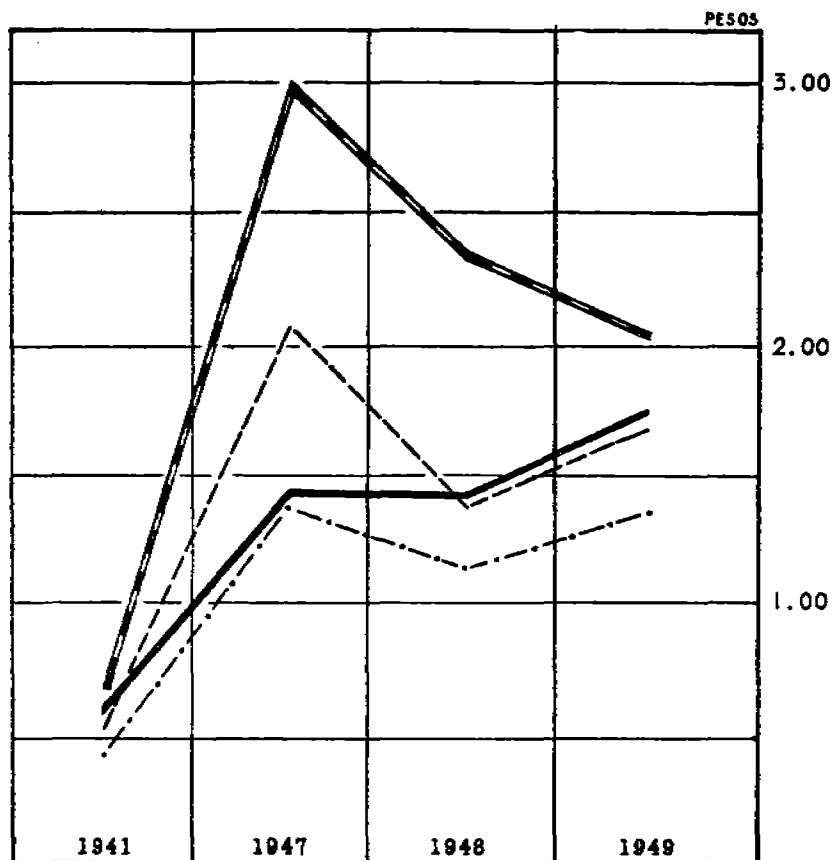


WAGE RATES OF AGRICULTURAL LABORERS IN THE PHILIPPINES 1941, 1947 - 1949



LEGEND

- SOUTHERN LUZON
- SOUTHEASTERN LUZON
- - - EASTERN VISAYAS
- · · MINDANAO



LEGEND

- CENTRAL LUZON
- CAGAYAN VALLEY
- - - ILOCOS-MOUNTAIN REGION
- · · WESTERN VISAYAS

VI. MONEY, CREDIT AND BANKING

A. MONEY SUPPLY¹

1. MOVEMENT FROM 1945 TO 1949

Leaving temporary fluctuations out of account, money supply registered three distinct movements from December, 1945 to December, 1949. Starting at ₱1,120 million on December 31, 1945, it declined continuously till August, 1946, when it stood at ₱849 million. From October, 1946 on to August, 1947 it followed no consistent trend. Then it moved upward from the September, 1947 level of ₱919 million until it reached an all time peak of ₱1,194 million in December, 1948. Its rise was punctuated by temporary decreases in January and May of 1948. By December, 1948 it had increased by ₱915 million or 329 percent from the 1940 level.

During 1949, money supply declined by ₱157 million. The first quarter saw a continuous decline from ₱1,194 million on January 1 down to ₱1,124 million on March 31, or a drop of ₱70 million. January showed a drop of ₱24 million or 2 percent; February, ₱15 million or 1.3 percent; March, an abrupt decline of ₱31 million or 2.7 percent. The March decrease was fully recovered during April followed by a continued decline till the end of July. The heaviest drop occurred in May when money supply decreased from ₱1,155 to ₱1,100 million. August showed an increase of ₱6 million; September another ₱31 million, and October still a further increase of ₱11 million bringing the supply up to a low peak of ₱1,093 million. In November, however, money supply went down by ₱18 million and a further big drop was recorded in December of ₱38 million closing the year with a level of ₱1,037 million. During January, 1950 the series turned upward and rose by ₱19 million.

2. COMPARATIVE ANALYSIS OF CORRESPONDING MONTHS OF 1948-1949

Comparison of money supply by months for 1948 and 1949 reveals that for the first five months it was consistently higher in 1949 than 1948, January showing the biggest difference of ₱171 million or 17.1 percent. However, for the last seven months, money supply was uniformly lower in 1949 than 1948. The biggest difference was for December amounting to ₱157 million or 13.1 percent. Whereas money supply rose in 1948, it declined in 1949.

3. COMPOSITION, 1948-1949

In 1948, a steady increase in the proportion of peso demand deposits in total money supply was observed. Starting from January when 45 percent of money

¹ Money supply has been defined as consisting of currency issued minus cash of the National Treasury and in bank vaults; plus the total peso checking deposit liabilities of all commercial banks, excluding the deposits of the National Government and inter-bank deposits, but including the unused overdraft lines; plus the total managers', cashiers' and certified checks outstanding.

supply was accounted for by deposits and 55 percent by notes and coins in circulation, the percentage of deposits rose consistently until it reached 52 percent in December. This increase was maintained up to February, 1949. From March on, however, the proportion of deposits deteriorated and on December 31, 1949, it had dropped back to the position of 45 percent which it held in January, 1948. This trend indicates that cash in the hands of the consuming public has increased during the latter part of the year under review.

4. QUARTERLY MOVEMENT DURING 1949

The table below shows the quarterly movement of money supply as a whole during 1949 as well as the movement of its two components --- notes and coins in circulation and peso demand deposits:

MONEY SUPPLY AND CURRENCY ISSUE, 1949

(Millions of Pesos)

Net Increase or Decrease)

	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>4th Quarter</i>
1. Money Supply	(70)	(43.0)	1.0	(45.0)
a) Notes and Coins in circulation	(15.0)	(31.0)	11.0	31.0
b) Peso Demand Deposits	(55.0)	(12.0)	(10.0)	(76.0)
2. Currency Issue	(68.4) ¹	(45.2)	(1.0)	22.3

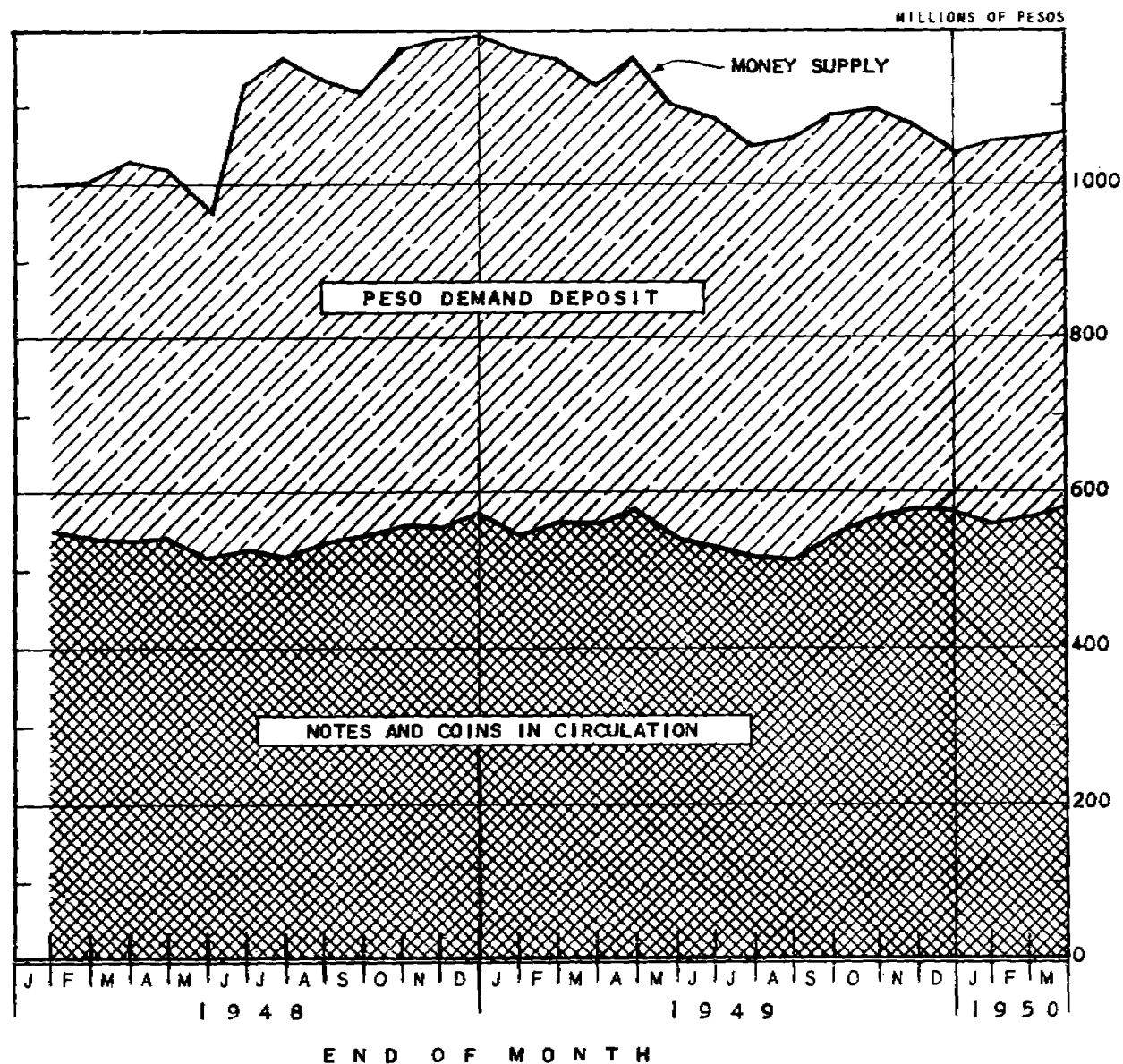
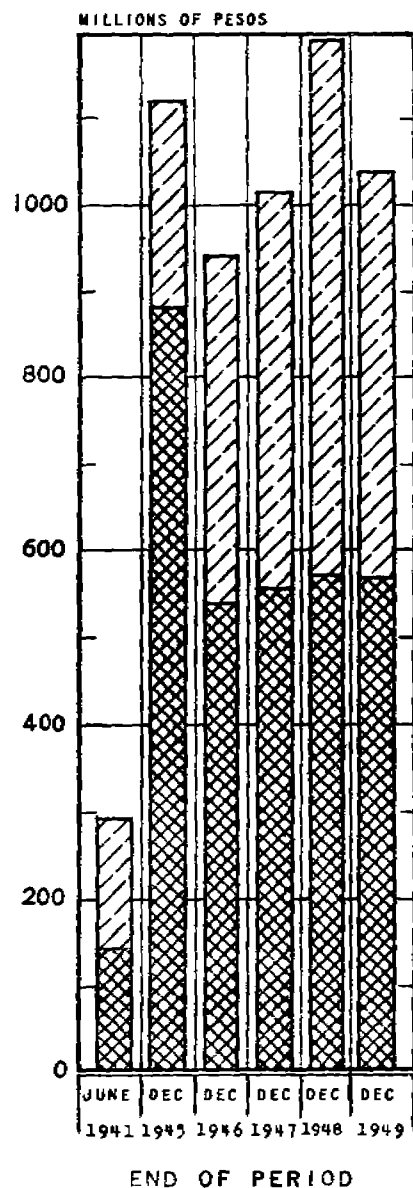
Notes and coins in circulation declined by ₱46 million during the first and second quarters, but a substantial recovery of ₱42 million occurred during the third and fourth quarters. Currency issue² as distinguished from currency in circulation moved in the same direction during these periods.

Peso demand deposits on the other hand registered declines in all the quarters amounting to a total ₱153 million for the whole year. The declines were largest during the first and fourth quarters. The deposits of city, provincial and municipal governments followed roughly the pattern of movement they exhibited in 1948 up to the month of June. From then on, they deviated from this pattern and registered continuous heavy drops amounting to a net of ₱79 million for the whole year. From June to December they declined by ₱95 million. Deposits of semi-government entities declined continuously during the year and re-

¹ Total contraction this quarter was 237.8 million, 169.4 million of which represent cash transfer, pursuant to reserve regulations, to the Central Bank from the banks immediately after the establishment of the former at the beginning of 1949.

² This refers to all coins and paper money outside the Central Bank. It includes all coins and paper money held by the banks and public, that is, cash carried in the pockets of individuals, currency kept as souvenirs and that hoarded or otherwise held by individuals.

MONEY SUPPLY



gistered a total reduction of ₱49 million as contrasted with an increase of ₱72 million last year. For the last half of the year these deposits declined by ₱17 million. Peso demand deposits of private business and individuals closed the year ₱18 million higher than at the beginning. This compares with a decline last year of roughly ₱11 million. These accounts increased up to April, then declined till September and thereafter rose again by ₱22 million until November 30, when a total of ₱227 million was recorded. The total at year's end was the same as November. The deposits of United States government entities declined by ₱42 million from January to March, increased by ₱10 million up to May, then declined by ₱15 million till July 31. They rose by ₱32 million during August and September dipping thereafter and declining by ₱22 million till the end of the year.

5. MONEY SUPPLY AND INTERNATIONAL RESERVE

The monthly ratios of the international reserve of the National Treasury/Central Bank (excluding the holdings of other banks) to money supply for the post-liberation period has declined continuously from 99.5 percent in December, 1945, to 43.6 percent in November, 1949, except for temporary gains in May and September, 1948 and May, 1949. In December, 1949, the ratio stood at 44.5 percent, after a slight recovery from November but this was lower than the prevailing ratio at the beginning of the year of 67.0 percent.

The quarterly movement of money supply during 1949 may be compared with quarterly decreases in the international reserve as follows:

	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>
Decrease in international reserve	114	46	52	110
Decrease in money supply	70	43	(1)	45
Increase due to domestic factors	44	3	53	65

6. FACTORS CONTRIBUTING TO THE DECREASE OF MONEY SUPPLY

Table 4, Appendix C, is a detailed analysis of the different factors responsible for the decrease of ₱157 million in the money supply in 1949. Of the total gross decrease amounting to ₱1,665.4 million, the international factors were responsible for ₱1,544.8 million or 93 percent, and the domestic factors, for the remaining 7 percent. Of the international factors, imports represented 83 percent and miscellaneous remittances 10 percent. Out of the total gross increase of ₱1,508.4 million, ₱1,237.8 million or 82 percent represented international factors, 35 percent of which were due to exports, 43 percent to United States Government expenditures and the rest to other inward remittances.

Table 5, Appendix C shows that international factors were wholly responsible for the decrease during the year as shown in the following computation:

Net decrease due to external factors	<u>P307.0</u>	million
Net increase due to the National Government	101.7	"
Net increase due to the semi-government agencies	48.4	"
Net increase due to other domestic agencies	<u>7.4</u>	"
Total increase	<u>P175.5</u>	"
Net decrease	<u>P149.5¹</u>	"

The four influences responsible for the rise and fall of money supply are international receipts and payments, private bank credit, Central Bank operations and government receipts and expenditures.

The following table shows on a quarterly basis, the magnitudes of change attributable to each of these influences:

MONEY SUPPLY, 1949

Increase (Decrease) by Source

(Millions of Pesos)

	<u>1st</u> <u>Quarter</u>	<u>2nd</u> <u>Quarter</u>	<u>3rd</u> <u>Quarter</u>	<u>4th</u> <u>Quarter</u>	<u>Total</u>
1. External items:					
Imports less Exports	(263.3)	(197.4)	(162.4)	(188.9)	
Other Non-Trade	(9.8)	(8.9)	(47.3)	(80.9)	
United States Govern-					
ment Payments	<u>168.3</u>	<u>174.1</u>	<u>158.5</u>	<u>145.8</u>	
Net Decrease	<u>(104.8)</u>	<u>(32.2)</u>	<u>(51.2)</u>	<u>(124.0)</u>	<u>(312.2)</u>
2. Private Banks:					
Savings and Time					
Deposits	(14.7)	(4.0)	(16.1)	3.6	
Loans, discounts,					
overdrafts	18.2	(22.6)	12.7	25.9	
Investments	1.3	(.7)	14.6	(43.0)	
Others	<u>24.9</u>	<u>(9.1)</u>	<u>(19.1)</u>	<u>(23.0)</u>	
	<u>29.7</u>	<u>(36.4)</u>	<u>(7.9)</u>	<u>(36.5)</u>	<u>(51.1)</u>

¹ Plus errors and omission of ₱7.5 million.

3. Central Bank advances to Philippine National Bank and Production Credits ..	—	7.3	18.4	101.8	
Others	(.6)	(.1)	(4.5)	2.6	
	(.6)	7.2	13.9	104.4	124.9
4. Government Deposits	(4.6)	13.8	45.4	13.4	
Notes and Coins in Treasury Vaults	16.6	3.5	1.9	(3.2)	
Errors and Omissions	(6.3)	1.1	(1.1)	.9	
	5.7	18.4	46.2	11.1	81.4

International receipts and payments (External items) would have depleted money supply by ₱312.2 million. The private banks, in spite of a net increase in loans, discounts and overdrafts of ₱34.2 million during the year, contracted money supply by a net of ₱51.1 million because of increases in savings and time deposits, a heavy drop in security investments during the fourth quarter and a large increase in other liabilities. Savings increased significantly since the beginning of the year up to November by ₱40 million but dropped by ₱12 million during December. The net increase during the previous year from January 31 was ₱8 million only.¹ Savings deposits with the Postal Savings Bank, which were not included in the above figures, increased from ₱25.1 million on January 1 to ₱32.8 million on December 31 or ₱7.7 million, an average monthly rate of ₱740,000. Time deposits increased by ₱9 million up to November 30 but dropped by ₱3 million during December and closed the year with a net increase of ₱6 million as compared with last year's ₱4 million.

The big reduction in money supply which would have resulted from the above mentioned causes was substantially made up by the credit operations of the Central Bank and by the fiscal operations of the government. Central Bank contributions were particularly heavy during the last quarter of the year. These credits consisted of advances to the Philippine National Bank in the total amount of ₱84 million (₱44 million of which were paid in Rehabilitation Finance Corporation Bonds) and advances made to the government for development projects amounting to ₱54 million. Of the amount advanced to the National Development Co., ₱4.69 million represented direct partial payments abroad for new ocean-going vessels and, therefore, did not alter the money supply. ₱5.8 million of the interim bonds that the Central Bank received to secure these loans were sold to private banks and reflected in their investments.

The insufficiency of government receipts during the year for all disbursements made resulted in additions to the money supply the most substantial of which was during the third quarter.

¹ No record of January 1 level.

III. CHANGES IN UNITED STATES CURRENCY HOLDINGS WHICH DID NOT AFFECT MONEY SUPPLY:

Total Balance—December 31, 1949 .....	.7	
Total Balance—January 1, 1949	793.4	
Decrease for the period	792.7	
Less: Transfers to the Central Bank —		
Exchange Standard Fund	1.0	
Exchange Standard Fund	3.7	
Exchange Standard Fund (Gold)	2.7	
Treasury Certificate Fund	120.0	
Treasury Certificate Fund	104.7	
Treasury Certificate Fund	510.0	
Deposit account	46.4	788.5
BALANCE		4.2 ^g
Decreases in:		
General Fund	136.9	
Depository Fund (Inter-Bank)	2.4	
Depository Fund (Rep. Act No. 33)	27.7	
Res. for Cir. Bank Notes	1.2	
Exchange Standard Fund	45.9	
Treasury Certificate Fund	10.5	
Total Decreases		224.6
Increases in:		
Special Fund	37.1	
Bond Fund	40.6	
Fiduciary Fund	11.6	
Depository Fund (Money Order)	12.5	
Depository Fund (Insular D. O.)	3.6	
Sinking Fund (Proper) Sp. Trust Account	10.8	
Total Increases		116.2
NET DECREASE		108.4

^b This total decrease is due to the following changes in the different funds:

^c There is no reconciliation available between the figures of the Central Bank and the National Treasury. The balance as per the Central Bank is P37 million against P34 million as per the Treasurer's Daily Report, showing a net difference of P3 million.

^d As per Treasurer's Daily Report, notes and coins in Treasury vaults amounted to P76.9 million against P77.9 million as per Currency Circulation Statement of the Bureau of the Bureau of Treasury. Latter figure was used in the computation of Money Supply.

^e Included in the Treasurer's Daily Report for December 31, 1948 was P3 million covered by promissory note in payment for the subscription of the Philippines to the "International Bank Securities Custody Account".

^f There is also no reconciliation available on the deposit of the National Treasurer with the Philippine National Bank. The discrepancy is as follows:

^g This may be accounted for by transfers made in the United States to defray government expenditures.

(Millions of Pesos)			
	<i>Philippine National Bank</i>	<i>Treasurer's Daily Report</i>	<i>Difference</i>
December 31, 1949	32.2	.1	32.1
January 1, 1949	22.1	1.7	20.4
NET DIFFERENCE	10.1	(1.6)	11.7

7. CURRENCY ISSUE¹

a. *The Old Currency.* Prior to the establishment of the Central Bank, the custodian of the currency was the National Treasury. Under this system, legal tender in the Philippines consisted of silver pesos and half silver pesos, subsidiary and minor coins, and treasury certificates. The lawful weight and fineness of treasury silver coins are as follows:

<i>Denomination</i>	<i>Silver Content</i>	
	<i>Weight</i>	<i>Fineness</i>
One peso piece	20 grams,	.800 fine
Fifty centavo piece	10 grams,	.750 fine
Twenty centavo piece	4 grams,	.750 fine
Ten centavo piece	2 grams,	.750 fine

Treasury certificates were issued only in exchange for an equivalent amount of deposit in terms of silver pesos and half silver pesos, or in United States currency. Currency reserves thus held by the National Treasury were paid only upon presentation of certificates issued and were used for no other purpose. These currency reserves constituted the so-called "Treasury Certificate Fund".

In order to implement the parity between the peso and the dollar, and to stabilize exchange operations as well, a separate trust fund, designated as the "Exchange Standard Fund" was carried (in the form of dollar deposits in the United States and a small portion in Philippine currency) at a level of not less than fifteen percent of the currency (including both treasury certificates and coins) in circulation and available for circulation. The main operations covered in this "Fund" consisted of (a) the sale of United States currency for Philippine currency and (b) minor exchanges of Philippine currency for United States currency.

b. *The New Currency.* The creation of the Central Bank of the Philippines pursuant to the provision of Republic Act No. 265, brought to an end the rigid 100 percent currency reserve system, which had been in force since 1903, in favor of a modern flexible monetary system. The Central Bank now has the sole right to issue currency within the territory of the Philippines. Notes and coins issued by

¹ See abstract from the report of the Auditor in this report for details of currency accountability of the Central Bank.

the Central Bank are liabilities of the Bank and are issued only against an equivalent amount of tangible assets recognized by law. Said notes and coins have a first and paramount lien on all assets of the Central Bank. In addition, all notes and coins issued are fully guaranteed by the Government of the Republic of the Philippines and are legal tender in the Philippines for all debts, public and private.

When the Central Bank commenced business, it assumed the liability of the Treasury Certificate Fund for all outstanding treasury certificates, in consideration for which, it acquired all the available assets of the said fund. It also assumed the liability for all treasury coins in circulation. The Central Bank pursuant to law is enjoined as soon as circumstances permit, to retire and exchange all outstanding Treasury Certificates for Central Bank notes, and all treasury coins in circulation for Central Bank coins. In October, 1949, it started issuing new notes in the one peso denomination. By the end of the year, a total of ₱171,000 of these new notes had been issued and placed in circulation. Previous to this, the pre-Central Bank certificates have been continually withdrawn from circulation in exchange for similar certificates over-printed on the back with the inscription "Central Bank of the Philippines". At the end of the year, 4,901,000 pieces amounting to ₱39,262,000 were overprinted with this inscription, of which ₱31,495,868 were placed in circulation.

c. *Volume of Currency Issue.* During the calendar year, the monthly movement of the volume of currency issue is as follows:

(In Millions of Pesos)				
<i>End of Month</i>	<i>Notes Issued</i>	<i>Coins Issued</i>	<i>Currency Issue</i>	<i>Increase or (Decrease)</i>
Opening Balance	818.5	73.2	891.7	—
January	621.5	73.2	694.8	(196.9)
February	597.5	75.3	670.8	(24.0)
March	580.4	74.5	653.9	(16.9)
April	580.5	74.3	654.8	.9
May	545.0	74.4	619.3	(35.5)
June	534.4	74.3	608.7	(10.6)
July	505.2	74.1	579.3	(29.4)
August	503.0	74.0	576.9	(2.4)
September	534.0	73.8	607.7	30.8
October	581.4	73.7	655.9	48.2
November	573.6	73.9	647.5	(8.4)
December	555.6	74.4	630.0	(17.5)
TOTAL DECREASE				<u>(261.7)</u>

NOTE: Any discrepancy between the currency issue column and the notes and coins columns is due to rounding of figures.

Among the principal factors which tend to change the level of the currency issue of the Central Bank are its foreign exchange transactions, its domestic credit operations and its deposit liabilities. Purchases and sales of dollars result in an increase or decrease in the currency issue. When loans are granted or when securities are purchased by the Bank, the currency issue increases correspondingly in the amount of the credit extended. The variations in the level of deposits maintained with the Central Bank by private banks and government entities have a contra effect on the volume of currency issue. The extent to which each of these factors have influenced the movement of the currency issue in 1949 is indicated in the table below:

INCREASE OF (DECREASE) IN CURRENCY ISSUE DUE TO:

(In Millions of Pesos)

<i>Month</i>	<i>Exchange Transactions</i>	<i>Credit Operations</i>	<i>Deposit Liabilities</i>	<i>Other transactions</i>	<i>Total</i>
January	(27.6)	—	(169.4)	.1	(196.9)
February ...	(66.2)	—	42.2	—	(24.0)
March	22.8	.5	(40.3)	.1	(16.9)
April	15.5	1.3	(15.9)	—	.9
May	(5.2)	2.0	(31.9)	(.4)	(35.5)
June	(41.0)	13.7	16.6	.1	(10.6)
July	(68.7)	(7.0)	48.2	(1.9)	(29.4)
August	(3.3)	30.5	(28.8)	(.8)	(2.4)
September ..	(12.2)	29.7	17.5	(4.2)	30.8
October	(30.9)	53.6	23.7	1.8	48.2
November ..	(58.6)	31.7	18.7	(.2)	(8.4)
December ..	(11.0)	13.3	(20.8)	1.0	(17.5)
<i>Total</i>	<u>(286.4)</u>	<u>169.3</u>	<u>(140.2)</u>	<u>(4.4)</u>	<u>(261.7)</u>

It is pertinent to observe that the prominent decline of ₱196.9 million in the level of currency issue during the month of January (from ₱891.7 million to ₱694.8 million) was a direct result of the initial cash deposits made by private banks with the Central Bank (which as at the end of January, was ₱169.4 million) in conformity with reserve requirements.

NOTE: Changes in currency issue due to foreign exchange transactions exclude credits for interest on dollar time deposits but include premiums on the sale of dollar exchange.

Changes in currency issue due to credit operations cover loans and advances, domestic securities and overdraft of National Treasurer.

Changes in currency issue due to deposit liabilities include accounts of private banks, Treasurer of the Philippines and International Monetary Fund.

Changes in currency issue due to other transactions cover miscellaneous items, such as income from domestic sources, expenses, capital expenditures, settlement of accounts payable, etc.

B. Exchange Policy and Operations; Gold

1. SUMMARY STATEMENT OF TRANSACTIONS

The year end balance of the international reserve as compared with the initial balance is shown below:

	1949		Increase or (decrease)
	January 3	December 31	
Gold	\$ 1,360,621.08	\$ 1,360,621.08	\$
U. S. Treasury T/D	255,000,000.00	135,000,000.00	(120,000,000.00)
U. S. Treasury D/D	112,356,478.21	—	(112,356,478.21)
Federal Reserve D/D	—	5,489,937.79	5,489,937.79
U. S. Banks D/D	2,372,268.10	7,580,070.72	5,207,802.62
U.S. Bank—T/D	—	75,000,000.00	75,000,000.00
U.S. Treasury Bills	—	4,986,981.95	4,986,981.95
Foreign Currency	23,937.16	12,322.16	(11,615.00)
Interest Accrued on Time	—	1,269,718.84	1,269,718.84
Total	\$371,113,304.55	\$230,699,652.54	(\$140,413,652.01)

A summary of the exchange transactions of the Central Bank which resulted in a net decrease of the international reserve follows:

Acquisition From:

1. The Treasurer of the Philippines	\$ 46,770,311.52
2. The Banking System	38,222,900.71
3. The War Damage Commission	15,000,000.00
4. Interest on Time Deposits	3,115,171.71
5. Profits on U. S. Treasury Bills Sold	82,898.31
6. Collections	662,775.57
Total	\$103,854,957.82

Disposition To:

1. The Treasurer of the Philippines	\$ 7,313,053.18
2. The Banking System	236,849,319.09
3. The Various Government Entities	83,606.60
4. For Expenses and Other Payments	21,730.96
Total	\$244,267,709.83

Net Dispositions

\$140,413,652.01

a. *With Treasurer of the Philippines.*—Dollar exchange acquired during the year from the Treasurer of the Philippines consisted of several items. Transfers of dollar deposits with the United States Treasury and the Federal Reserve Bank of New York totalling \$33,034,205.16, belonging to the General Fund of the National Government, were negotiated in February and March, 1949. From the Miscellaneous Sinking Fund, \$2,412.04 was also transferred. United States

Treasury Warrants and dollar checks cashed thru the National Treasury and its agencies and cleared thru the Bank amounted to \$3,402,594.32. On December 20, 1949, the Central Bank account with the United States Treasury was credited for \$10,331,100.00, representing the accumulated payments of United States dollar money orders sent to the Philippines during the period from December, 1948 to July, 1949. On the other hand, dollar sales to the National Treasurer amounted to \$7,313,053.18, of which \$2.8 million was debited in April, 1949 in payment of Philippine Annuity Bond, and \$4,513,000.00 was remitted in July, 1949 to the Philippine National Bank, New York Agency, for the account of the Fiscal Agency Fund.

b. *With Banking System.*—Dollars acquired from the other banks which amounted to \$38 million were purchased in the months of April — \$7.35 million, July — \$2.5 million, August — \$11.5 million, September — \$11 million, and December — \$6 million. These represent only about 16.03 percent of total sales to other banks which amounted to \$237 million. The heaviest sales were made in the months of January — \$39.6 million, February — \$33.4 million, July — \$32.3 million and November — \$29.6 million.

c. *With Other Entities.*—In January, 1949, the War Damage Commission sold for pesos to the Central Bank \$15 million. All other United States government dollar disbursements during the year came directly to the hands of the other banks.

Dollar sales to various government entities were:

Bureau of Posts	\$50,385.37
Philippine Constabulary	20,935.32
Philippine Air Force	7,734.04
Philippine Army Ground Forces	<u>4,551.87</u>
Total	<u>\$83,606.60</u>

Most of the purchases of these entities, except the Bureau of Posts, were used to defray the expenses of scholars in the United States, and the insurance premiums of veterans.

d. *Miscellaneous Transactions.*—Of the total interest on Central Bank time deposits, \$1,845,452.87 was actually credited to the account of the Central Bank, and the remainder was accrued.

During the year, a total of \$105,790,562.68 was invested in United States Treasury Bills of which \$100,803,580.73 was sold later at \$100,926,834.28, netting the Bank a profit of \$82,898.31 after deducting United States Government tax.

A large portion of the collections through the Philippine National Bank, New York Agency credited to the Central Bank, consisted of interest on United States bonds and securities, proceeds of prewar checks, etc.

Expenses and other payments which required minor dollar remittances were subscriptions to foreign magazines, purchases of books, partial payment on the elevator installed in the premises, etc.

e. *Forward Exchange Contracts*.—Upon commencement of operations the Central Bank in its Circular No. 3 announced that it would not enter into contracts for forward purchases or sales of foreign exchange. On October 13, 1949, in order to dissipate speculation that the peso would follow in the footsteps of other currencies which devalued, the Bank announced its readiness to enter into forward contracts with banks, specifying six months as the maximum delivery period and giving the option to the other transacting party to consummate forward contracts within the delivery period. Forward contracts to sell during the year amounted to \$3,730,000.00 of which \$3,230,000.00 was outstanding on December 31, 1949.

2. OPERATION IN GOLD

In 1947, the Secretary of Finance, in compliance with a request of the International Monetary Fund that member countries take such action as would be appropriate within their respective jurisdictions to prevent gold transactions at premium prices, instructed the Foreign Funds Control Office to license all exportation and importation of gold. Since there was no law except the Philippine adherence to the Fund Agreement on which to base control over dealings in gold, the terms of the licenses could not be effectively enforced. Republic Act No. 265 gave the Central Bank the necessary power to control gold dealings. Section 72 of said Act provides in part that:

“x x x The Monetary Board may also impose conditions under which gold in any shape or form may be acquired and held, transported, melted or treated, imported, exported, earmarked or held in custody for foreign or domestic account.”

In February, 1949, the Monetary Board reviewed the situation and after being convinced that transactions in gold at premium prices tended to depreciate the gold content of the peso, to cause gold to flow into private hoards thus depriving the country of much needed capital funds for development projects, or facilitated a harmful and unwarranted outflow of capital which either stayed out permanently or was used to finance larger importations of non-essential goods, it issued a regulation formalizing the control already existing over dealings in gold at premium prices. This regulation subjected exportation of gold to license and provided that such exports should not be in violation of the rules and regulations of the country of the importer. It allowed importation of gold only for industrial and artistic purposes, such gold to be deposited with the Central Bank and withdrawn only as needed. It prohibited resale of imported gold at more than ₱70 per ounce (0.900 fine) plus reasonable handling charges.

Embodied in the exchange control regulations issued on December 9 and 14 the licensing system was extended to all transactions in gold including domestic dealings. However, this was modified on January 10, 1950 by Circular No. 21 which required sale to the Central Bank of at least 25 percent of the gold content of all gold and/or gold-bearing metals extracted in the preceding calendar month, starting with the output of December, 1949. The gold sold shall be at least 0.999 fine and shall be priced at ₱70 per ounce of such fineness.

As of March 10, 1950, the Bank had acquired \$256,499.95 worth of gold from domestic companies.

3. EXCHANGE RATES

Prewar dollar exchange rates of the National Treasury were $\frac{1}{2}$ of 1% for demand drafts and $\frac{7}{8}$ of 1% for telegraphic transfers. From March 5, 1945 until the establishment of the Central Bank, the prevailing rates were $\frac{3}{4}$ of 1% for the former and $1\frac{1}{8}\%$ for the latter. During 1949, the Central Bank buying rates per \$100 were quoted, changes effective as of the dates indicated below:

	<u>Jan. 3</u>	<u>Jan. 12</u>	<u>Jan. 14</u>
(1) Telegraphic transfers	₱200.75	₱200.75	₱200.75
(2) Sight drafts	200.625	200.6875	200.70
(3) 30-day date drafts	200.25	200.50	—
(4) 30-day sight drafts	200.125	200.4375	—
(5) 60-day date drafts	199.75	200.25	—
(6) 60-day sight drafts	199.625	200.1875	—

Whereas, the rates quoted on January 3 applied to purchases of \$200 or more (a rate of ₱200.25 for items below \$200), the quotations on January 12 and henceforth applied to purchases of \$500 or more (a rate of ₱200 for items below \$500). On January 14, dealings in time drafts were stopped in view of Regulations C of the Board of Governors of the Federal Reserve System, which prohibits the acceptance of time drafts from non-member banks without prior permit.

On January 3, the Central Bank selling rates, which remained temporarily unchanged, were set at the quoted buying rates plus ₱0.25. On June 23, however, these selling rates were reduced to ₱200.81 per \$100 for telegraphic transfers and ₱200.76 per \$100 for sight drafts. Five days later, the rate for sight drafts was increased to ₱200.80 per \$100. These revisions were necessary in order to improve the competitive position of banks and to channel a larger portion of inter-bank exchange transactions through the Central Bank. Although it resulted in a slight loss of exchange premiums for the Central Bank, the change in rates narrowed down the range of fluctuation of inter-bank exchange rates.

In prior years, the range of fluctuation in the exchange rates of the banking system which lay between ₱201.50 — ₱204.75 per \$100 was outside government regulative authority. When the Central Bank defined its own initial ex-

change rates, it also prescribed the buying and selling rates per \$100 for private banks, as follows:

	<i>Minimum Buying Rate</i>	<i>Maximum Selling Rate</i>
(1) Telegraphic transfers	P200.50	P201.50
(2) Sight drafts	200.375	201.375
(3) 30-day date drafts	200.00	201.625
(4) 30-day sight drafts	199.875	201.50
(5) 60-day date drafts	199.50	201.125
(6) 60-day sight drafts	199.375	201.00

These rates covered only items of \$200 or more, a figure which was subsequently raised to \$500 or more. The minimum buying rates were established as the minimum selling rates in every case and the maximum selling rates, the maximum buying rates.

Changes made in the buying and the selling rates were effected to better stabilize exchange operations among the Central Bank, private banks and the public. The governing circulars are Nos. 3, 5, 6, 8 and 16 of the Central Bank.

4. EXCHANGE CONTROLS

In order to protect the international reserve during an exchange crisis, the Monetary Board may temporarily suspend or restrict sales of exchange by the Central Bank and may subject all transactions in gold and foreign exchange to license by the Central Bank.

Being well aware of the precarious drain on the international reserves due to non-trade factors and fearing that the huge trade deficit might not be effectively diminished by the existing trade control system, the Monetary Board of the Central Bank, with the full approval of the President of the Philippines, imposed a flexible system of exchange controls on December 9, 1949.

More important than its immediate goal, which is to equalize the foreign receipts and disbursements of the Philippines, exchange controls are also designed to help achieve a long range objective — that of inducing the establishment of a balanced economy. To realize these objectives and at the same time lessen the rigours of control, the following basic policies guiding control operations were laid down:

- (1) A proper apportionment of the allowable dollar remittances among various purposes through a flexible system of foreign exchange budgeting;
- (2) Channelling of foreign exchange available for financing imports into the most essential requirements by a scheme of import priorities;
- (3) Reduction and counteracting of inflationary tendencies inherent in controls through supplementary measures; and

- (4) Encouragement of the establishment or expansion of dollar-producing and dollar-saving industries.

In general, the regulations restrict all transactions and dealings that affect the foreign exchange resources of the Philippines:

- (a) Whether such foreign assets are owned by official entities, banking institutions, or private individuals and entities residing in the Philippines;
- (b) Whether such foreign assets are in the form of deposit balances abroad, foreign notes and coins, foreign bills of exchange, foreign securities, or any other claims against persons and institutions located outside the Philippines regardless of the currency in which they are expressed; and
- (c) Whether such foreign assets are held or not through, in, or with banking institutions in the Philippines.

All foreign payments or remittances, and any other dealings in, or with respect to foreign assets are subject to licensing. All receipts and acquisitions of foreign exchange are required to be sold within one day upon possession, to the Central Bank through its authorized agents. Purchases and sales of foreign exchange may not be made directly or indirectly among persons and entities, except via authorized agents of the Central Bank. Banks incorporated or licensed to operate in the Philippines were designated as agents of the Central Bank and as such were authorized to deal in foreign exchange within the terms of the exchange control regulations. Details and mechanics of exchange controls are described in detail in Circular 20 and in various regulations, notifications and instructions issued by the exchange control authorities.

C. Credit Regulation

The two important characteristics of credit as a lubricant of economic progress are its volume and its use. Within certain limits both the volume and the use of credit could be directed properly for the attainment of desirable social ends through coordination of the monetary, credit and developmental policies of the government and the banking system.

The former monetary system had often been criticized for its lack of flexibility to regulate the money supply according to requirements during varying periods of business activity and to meet the demands of a growing economy. Under the present system, the Central Bank, in order to attain its primary objectives, has been granted a broad regulative authority over credit operations of financial institutions coupled with a wide latitude of discretion in its own credit operations and monetary policies. The basic objectives guiding its monetary administration are as follows:

"x x x to control any expansion or contraction in the money supply, or any rise or fall in prices, which is prejudicial to the attainment or maintenance of a high level of production, employment and real income."

“x x x to regulate the volume, costs, availability and character of bank credit and to provide the banking system with liquid funds in times of need.”

To discharge its monetary functions appropriately and effectively, the Central Bank has been provided under its charter with a varied choice of instruments of action which are flexible in design. The principal ones are: (1) reserve requirements on bank deposits; (2) selective regulation of bank operations; (3) credit operations with banking institutions and the government and (4) open market operations.

1. **RESERVE REQUIREMENTS.** — Effective January 10, 1949, the Central Bank prescribed the reserve requirements for peso demand deposits at 18 percent, and for time and savings deposits at 5 percent — the same ratios in force prior to its operation with minor changes in the nature of these two classes of deposits. The reserve ratio for foreign currency deposits was set at 10 percent. Reserves against peso demand deposits may be held in the form of evidences of indebtedness of, and those guaranteed by, the National Government up to five-eighths (5/8) of the required reserve, the remainder to be held in deposit balances with the Central Bank. Reserves against savings and time deposits may be held wholly in the form of securities prescribed for peso demand deposits. Reserves against foreign currency deposits may be held in the form of deposit balances with the Central Bank and/or freely disposable foreign balances in the currency in which the deposit liabilities are denominated.

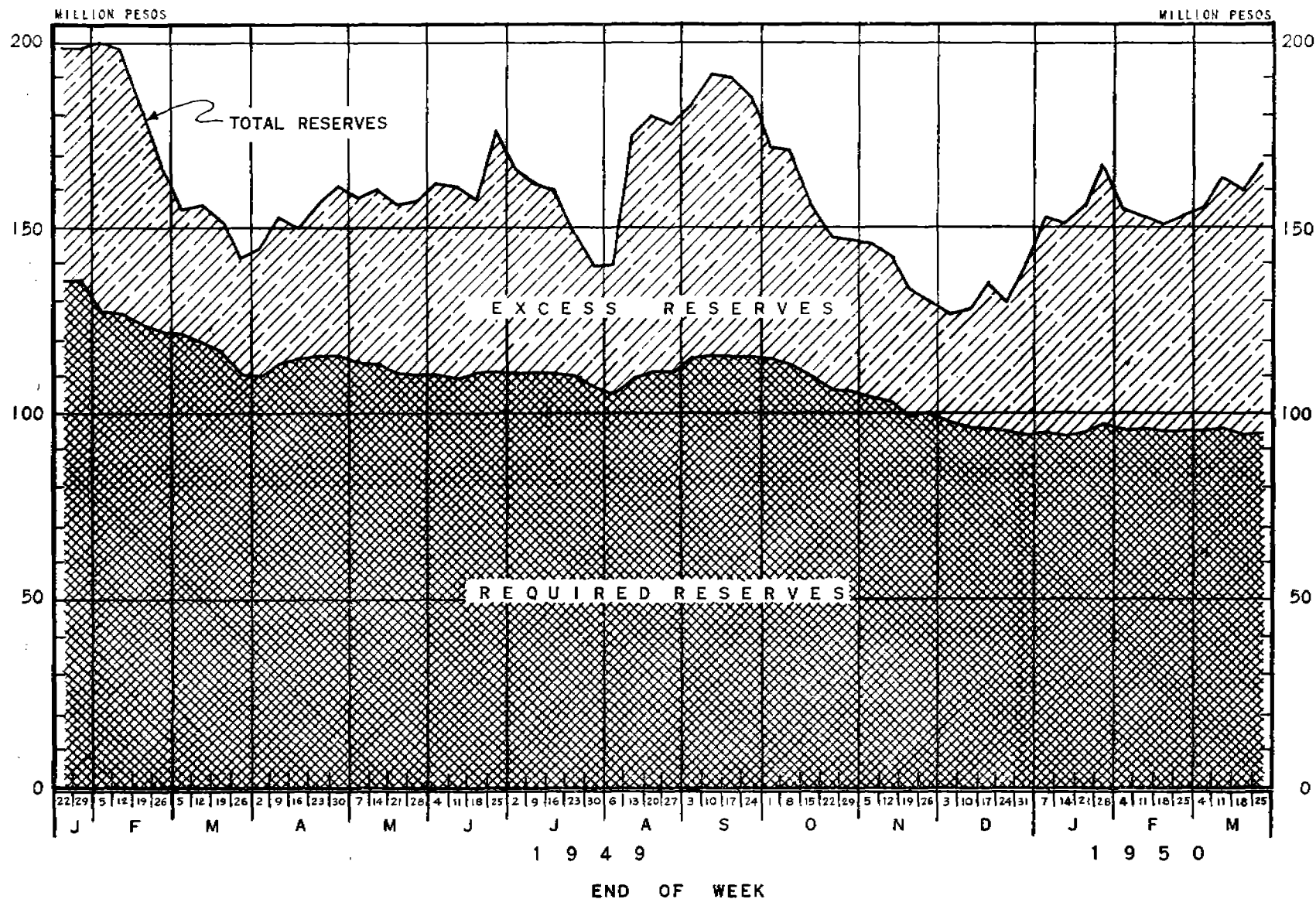
The required, available, excess and potential reserves of the banking system as at the end of each month in 1949 are as follows:

(In Millions of Pesos)

<i>End of Month</i>	<i>Required reserves</i>	<i>Available reserves</i>	<i>Excess reserves</i>	<i>Cash Bank vault</i>
January	128	201	73	123
February	121	153	32	100
March	112	147	35	62
April	114	162	48	68
May	111	163	52	70
June	110	165	55	77
July	106	140	34	58
August	111	175	64	59
September	114	170	56	65
October	103	145	42	84
November	98	125	27	73
December	93	144	51	53

NOTE: The available reserve consists of deposit balances with the Central Bank and eligible government securities. The excess reserve is the difference between the available reserve and the required reserve. Cash in banks' vaults is a potential reserve.

TOTAL RESERVES HELD, REQUIRED RESERVES, AND EXCESS RESERVES OF ALL BANKS*



* Average of daily figures during the week.

The decrease of P35 million in the required reserve during the period from January 31 to December 31, 1949 was a reflection of the decline in peso demand deposits totalling P224 million, partially offset by an increase in peso savings and time deposits of P26 million and an increase in foreign currency deposits of P9 million. In 1949, domestic credits of private banks increased slightly by P3 million; hence, the decrease in their deposit liabilities may not be attributed to a contraction of credit.

The decline in available and potential reserves as well as the decline in deposit liabilities of banks probably resulted, directly or indirectly, from foreign exchange transactions. At their levels as of December 31, 1949, the excess and potential reserves could cover an expansion in demand deposits of more than P500 million.

2. **SELECTIVE CREDIT CONTROL.**—To modulate the use of credit in one sector of the economy and simultaneously ensure the supply and availability of money in other sectors, the Central Bank is given a flexible regulative authority over:

- (a) Interest rates, commissions and charges, which banks may apply on their lending and borrowing operations;
- (b) Margin requirements against letters of credit for various classes of imports;
- (c) Required security against bank loans and the types of investments which the banks may make;
- (d) Portfolio ceilings on amount of bank loans and investments; and
- (e) Minimum ratios of capital and surplus to volume of assets or to specific categories.

In the latter half of 1949, the adoption of a selective credit control measure over imports became imperative. The import control regulations promulgated on December 28, 1948 could not curb the total level of imports. To help remedy the situation, the Central Bank was constrained to prescribe a credit control measure complementing the import controls.

On November 17, 1949, the Central Bank issued Circular No. 19, known as "Selective Credit Control", restraining bank credit for the importation of specific groups of luxury and non-essential goods. It required a cash margin of eighty (80%) percent on all letters of credit covering the import of articles appearing on the list attached to the circular. Banks were prohibited from granting credit facilities of any kind, directly or indirectly, for providing the margin requirements or for financing the import of the specified merchandise. Furthermore, banks were not allowed to release the documents covering these merchandise, whether imported under L/C, D/P or D/A basis, except upon payment in cash.

The objectives of the measure are: (a) to assist the import controls in minimizing and discouraging the importation of luxury and non-essential items; and (b) to neutralize consequent speculation in these controlled commodities. Contraction of bank credit for this purpose should diminish the purchasing ability of importers, encourage them to increase merchandise turnover and curtail sales on credit in order that they might make full use of their residual purchasing power.

The comparative trend of the monthly value of imports and the month-end balances of customers' liability acceptances, one type of import credit affected, is shown below:

(In Millions of Pesos)

<i>M o n t h</i>	1 9 4 8		1 9 4 9	
	<i>Value of Imports</i>	<i>Customers' Liability Acceptances</i>	<i>Value of Imports</i>	<i>Acceptances of Liability Customers'</i>
January	83	93	99	128
February	107	99	105	129
March	125	100	135	117
April	99	100	84	117
May	106	96	94	126
June	87	96	110	125
July	65	111	73	124
August	126	138	95	121
September	79	132	68	118
October	70	111	83	123
November	138	110	86	135
December	88	108	88	112

Inasmuch as the above series consist of import credits for both the controlled and uncontrolled items, it will be hard to determine the exact contraction caused by selective credit control. During the months of October and November, 1949, customers' liability acceptances expanded by ₱5 million and ₱12 million, respectively, although the volume of imports were practically at the same level. This may indicate that there was a growing tendency for importers to use the credit facilities of banks. The contraction by ₱23 million in December, 1949, may be an understated effect of selective credit control. It is possible that an increase in customers' liability acceptances covering uncontrolled items offset partially the decrease in customers' liability acceptances covering controlled items.

While the total outstanding customers' liability acceptances at the end of 1949 was lower than that of any month-end balance during the year, it was more than the level at the beginning and at the end of 1948. It may also be pertinent

to note that the average ratio of outstanding customers' liability acceptances to the monthly value of importers was 132 percent in 1949 as compared with 110 percent in 1948.

3. LOANS GRANTED BY THE CENTRAL BANK.—

a. *To the Government.*

(1) *Under Section 137 of the Central Bank Act.*

The framers of the Central Bank Act were fully aware of the need to take advantage of the strong reserve position that the Philippines enjoyed in the past postwar years in order to effectuate an economic development program that would enable the country to achieve a continuously stable balance of payments position after its non-recurrent dollar receipts cease, without any substantial lowering of the prevailing standards of living. The reform that was instituted, which freed the currency from the rigid 100 percent reserve system, was designed within carefully defined limits to facilitate the achievement of this end. It was realized that the entire capital requirements of rehabilitation and development, both for foreign and local expenditures, should be financed primarily by idle savings of the community mobilized effectively via the banks and other financial institutions as well as by the aggressive public sale of development bonds. On the other hand, it was also recognized that in a country that is relatively underdeveloped like the Philippines the rate of capital formation is invariably low, and the process of popularizing the use of banking facilities, of revising public investment habits and of making the public security conscious would be painfully slow. These considerations inspired the inclusion of Section 137 in the Central Bank Act. It was hoped that the economic development program could be stimulated in the beginning with regulated advances by the Central Bank to the Government for selected productive projects even as funds were being mobilized from the private sector of the economy by the means stated above.

Section 137 authorizes the Central Bank to make extraordinary advances to the Government until June 30, 1951, not to exceed ₱200 million, for use in strictly productive or income producing projects and for the repayment or servicing of foreign obligations of the government. Against such advances the Central Bank shall receive a corresponding amount of government bonds which should be long-term and should bear interest at a rate that would make them attractive to investors in the open market. It was believed that the possession of such a portfolio of earning assets by the Bank would enable it to engage as soon as practicable in open market operations.

On February 4, the Monetary Board, after assuring itself of the adequacy of the international reserves to meet all foreseeable demands upon it and after being satisfied that the advances will not endanger the domestic stability of the

currency, passed a resolution that in the year 1949, a total sum of ₱115 million could be made available to the Government for apportionment as follows:

- (a) ₱50 million to amortize the budgetary loan of \$60 million which the the National Government secured from the United States Reconstruction Finance Corporation;
- (b) ₱65 million to finance rehabilitation and development projects included in the production program of the Government.

This last amount was further tentatively divided as follows:

₱35 million for advances to the Rehabilitation Finance Corporation;

₱350 million for use by Government instrumentalities and private enterprises not entitled to aid by the Rehabilitation Finance Corporation for reasons other than poor credit but which are in sound condition and deserving of financial support.

Against such amounts, bonds would be delivered to the Central Bank as follows:

For the amount to cover the installment on the United States Reconstruction Finance Corporation loan, bonds with a five-year term carrying an interest rate of 2 percent; and for the balance of ₱65 million, ten-year, 4 percent bonds.

The resolution of the Monetary Board was communicated to the National Economic Council which adopted on February 27 a resolution subsequently approved by the President, recommending that the Government secure advances from time to time up to a total of ₱65 million in 1949 from the Central Bank, allocate ₱35 million of the amount to the Rehabilitation Finance Corporation and the balance to government instrumentalities for financing only projects that are either dollar-producing or dollar-saving.

During the year 1949, loans aggregating ₱54,046,450.80¹ were extended by the Central Bank to the Government for allocation to various productive projects being undertaken by different instrumentalities. This amount includes a loan of ₱20 million to the Rehabilitation Finance Corporation to finance agricultural and industrial activities that are both dollar-producing and dollar-saving. The Central Bank received as security for these loans, bonds amounting to ₱54,046,450.80.

(2) *Under Section 95 of the Central Bank Act.*

The Central Bank's power to make direct accommodations to the government is strictly limited by Section 95 of the Central Bank Act. It was intended that direct government borrowing should be on a short-term seasonal basis and in amounts limited to moderate sums.

¹ The details of these loan operations appear in the Auditor's Report.

Section 95, in authorizing provisional advances to the Government or to any of its political subdivisions for the purpose of financing expenditures authorized under annual appropriations, limited the aggregate of such advances to not more than 15 percent of the average annual income of the borrowing entity for the last three preceding years and repaired repayment before the end of the first quarter following the end of the fiscal year.

The Central Bank in 1949 granted the Treasurer of the Philippines, a provisional overdraft line of ₱44 million to finance expenditures authorized in the annual appropriations. Of this amount ₱37,046,838.83 was used up as of December 31, 1949.

b. To the banks

One of the powers granted to the Central Bank for controlling credit both quantitatively and qualitatively is that of granting advances to banks against certain kinds of collaterals specified in Section 87 of the Central Bank Act. Pursuant to this section of the law, the Central Bank gave a loan of ₱84 million to the Philippine National Bank. ₱44 million of this amount was subsequently paid before maturity date with Rehabilitation Finance Corporation bonds. The balance of ₱40 million was secured by an assignment of the utilized portion of Manila overdraft lines for 180 days at 3 percent per annum and by notes discounted with the Philippine National Bank having a total face value of not less than ₱7 million for 120 days at 3 percent per annum.

4. SALE OF GOVERNMENT SECURITIES

Government securities sold by the Central Bank in 1949 are insignificant in amount. Of the 10-year, 4 percent Rehabilitation and Development bonds that the Central Bank received from the Government for loans extended for income-producing projects, ₱5,849,420.00 were subsequently sold to the following commercial banks:

Philippine Bank of Commerce
Philippine Trust Company
China Banking Corporation.

Pursuant to the provisions of Republic Act 245, ten treasury bills, each with a face amount of ₱100,000.00 or a total of ₱1,000,000.00, were issued by the Central Bank for tenders accepted by the Secretary of Finance. Bills were placed at formal bidding resulting in the award thereof to the Bank of the Philippine Islands at 1.5 percent discount or a purchase price of ₱985,000.00. These bills mature in one year.

D. Banking Progress

1. SUMMARY STATEMENT

In 1941, there were seventeen principal banks in Manila with twenty-two provincial branches, fifty-four provincial agencies and three overseas branches.

Of these banks, eleven were domestically incorporated consisting of two government-owned banks, two savings and mortgage banks and seven privately owned commercial banks and trust companies. The others were branches of foreign banks.

During the period of Japanese occupation, the Philippine National Bank, the Philippine Bank of Commerce, the Bank of the Philippine Islands and the Philippine Trust were ordered to reopen by the Japanese military authorities together with three Japanese banks, two of which were already established in Manila before the war. The unprecedented inflation in 1943 and 1944 — mainly a result of the unlimited issuance of Japanese military scrip — precipitated a complete breakdown of the monetary structure of the country. Banks in operation, as well as other financial institutions, were among the hardest hit. Their loans were liquidated to the extent of about 73%, their deposit liabilities rose to exceptionally high levels, and with the advent of liberation their vaults were heavily loaded with worthless Japanese notes.

Upon restoration of civil government Executive Order No. 96 was issued by the President of the Philippines, invalidating all occupation deposits, thus mitigating a great portion of banks' losses. Losses on account of the liquidation of bank loans were nevertheless considerable. Although the financial position of the banking system had been greatly impaired, its recovery was rapid, as a result of Government assistance and the rising tide of business activity. The growth of other banks in the postwar period is traced clearly in the following table:

CONDENSED STATEMENT OF CONDITION OF OTHER BANKS¹

1941, 1945 — 1949

(In millions of pesos)

	June 30 1941	Dec. 31 1945	Dec. 31 1946	Dec. 31 1947	Dec. 31 1948	1949 Dec. 31
Liquid Assets	111	410	436	423	452	255
Earning Assets	244	133	319	507	646	645
Other Assets	16	29	69	61	70	80
Total Assets	<u>371</u>	<u>572</u>	<u>824</u>	<u>991</u>	<u>1168</u>	<u>980</u>
Deposit Liabilities	288	463	691	859	1030	789
Other Liabilities	24	80	77	75	71	99
Capital and Surplus	<u>59</u>	<u>29</u>	<u>56</u>	<u>57</u>	<u>67</u>	<u>92</u>
Total Liabilities ...	<u>371</u>	<u>572</u>	<u>824</u>	<u>991</u>	<u>1168</u>	<u>980</u>

NOTE:

Liquid Assets are composed of due from banks, deposits with clearing house, cash in bank vaults and checks and other cash items.

¹ The Central Bank, The Postal Savings Bank and the Rehabilitation Finance Corporation are excluded.

Earning Assets are composed of loans and discounts, overdrafts, customers' liability acceptances under L/C and T/R and stocks, bonds and other securities.

Other Assets are composed of banking house, furniture and fixtures, other real and chattel property owned and miscellaneous resources.

Deposit liabilities are composed of demand, savings and time deposits, inter-bank balances and outstanding managers', cashiers' and certified checks.

Deposit liabilities are composed of demand, savings and time deposits, inter-bank balances and outstanding managers', cashiers' and certified checks.

Other liabilities are composed of bank notes outstanding, dividends payable, bills payable and miscellaneous liabilities.

Capital and surplus includes surplus reserves and undivided profits.

1945—The promulgation of Executive Order No. 48 on June 6, 1945 paved the way for the reopening of some banks which were in operation in the Philippines before the outbreak of the war. On June 15, 1945, the first application to reopen was received from the National City Bank of New York. Upon examination of the documents submitted, which were found in order, the Bank Commissioner issued the license to reopen beginning June 28, 1945. This was followed by the Chartered Bank of India, Australia and China, China Banking Corporation, Philippine Bank of Communications and the Philippine National Bank which were granted licenses to reopen their Manila offices on July 23, 1945. The other banks that were granted licenses during the year were the Hongkong and Shanghai Banking Corporation and the Netherlands Indische Handelsbank, which reopened on August 6, 1945. Philippine branches of foreign banks filed a joint petition to waive the requirement of the laws to the effect that a foreign bank doing business in the Philippines should have all its assets in the Philippines or a trustee asset equivalent to at least 90% of its deposit liabilities payable in the Philippines, as there were no safe and profitable investments in the Philippines for their idle funds. This request was granted effective up to the end of the year.

The Philippine National Bank was the only institution then which provided banking facilities outside Manila. ~~Where~~^{here} there were no branches, the agencies provided at least nominal banking facilities in the provincial capitals under arrangements whereby the provincial treasurers served as part-time agents of the banks.

Branches of foreign banks established here in the Philippines were primarily concerned before the war with foreign trade and foreign exchange transactions. As a consequence, a feeling existed then in local business circles that foreign banks did not use their resources, derived in large measure from local deposits, to promote the growth of the national economy. However, when these banks commenced operations after liberation, they made a number of sizeable rehabilitation loans to local interests, a policy which greatly contributed to the development of the national economy.

1946—Recognizing the importance to the economy of an immediate restoration of all banks, Commonwealth Act No. 726 was passed on January 16, 1946, which appropriated the sum of ₱10 million to rehabilitate and put into operation domestic banks remaining unopened. It also created the Financial Rehabilitation Board to administer the fund. The fund appropriated was invested in 25,000 preferred shares of the Bank of the Philippine Islands, 10,000 preferred shares of the Philippine Trust Company, 8,500 preferred shares of the Philippine Bank of Commerce, and 7,500 preferred shares of the Peoples Bank and Trust Company. These shares carried the same voting privileges as the common shares, a cumulative dividend of one percent per annum for the first five years, two percent for the second five years, and three percent thereafter. Furthermore they have a prior lien over assets in the event of liquidation and could be retired at the option of the government when the bank's financial condition warrants it.

The four domestic banks that received financial assistance reopened on March 11, 1946. Their total bank deposits which aggregated approximately ₱25 million, were made immediately available to their owners. This action encouraged new business and permitted the profitable channeling of depositors' credits to the banking system.

Increases in almost all categories of banking assets were registered so that total resources which on December 31, 1945 amounted to ₱572 million, rose by ₱252 million at the end of 1946. Foreign trade, particularly imports from the United States during the year, jumped to unprecedented levels and greatly increased transactions of the banks. The domestic trade also improved in volume and value due to the increase of goods available for sale and improvements in transportation and communication facilities.

The Postal Savings Department of the Bureau of Posts did not immediately open for business after the liberation. It was only in 1946 that it resumed service to residents of the City of Manila and at later dates, to other cities, provinces and municipalities.

1947—In the early part of the year, an application was filed by the Bank of America, National Trust and Savings Association with the Bank Commissioner for the establishment of a branch in the Philippines. The branch began operation in April, 1947.

The Rehabilitation Finance Corporation, created by Republic Act No. 85 approved October 29, 1946, with an authorized capital of ₱300 million fully subscribed by the Government of the Republic of the Philippines, opened for business at the beginning of 1947 and subsequently established branches in Iloilo and Cebu. The assets of the defunct Agricultural and Industrial Bank and the Financial Rehabilitation Board were applied to the Government's subscription.

Branches and agencies of the banks in the provinces and various cities were reopened. The Peoples Bank and Trust Company opened its branch in Tarlac, Tarlac; the Philippine Bank of Communications established a branch in Cebu City; and the National City Bank of New York was authorized to open a sub-branch in the Clark Field military reservation. By the end of the year, there were eight (8) head offices of domestic banks and five (5) branches or agencies of foreign banks in the City of Manila, twenty-one (21) provincial branches, forty-eight (48) provincial agencies and three (3) overseas branches.

Bank resources continued to rise in 1947. The ratio of earning assets to total assets at year's end was 12.5 percent more than the ratio at the beginning of the year. Deposit liabilities registered an increase of ₱168 million.

1948—Several banks were authorized to set up additional banking facilities in Manila and other cities. The China Banking Corporation was issued a license to open a branch in Cebu City. The Monte de Piedad and Savings Bank put up a branch in Rizal City. For the convenience of savings depositors the Philippine National Bank established three (3) city sub-offices in Manila. This was followed by the opening of two branches of the Philippine Bank of Commerce, one in the premises of the Far Eastern University and another, in the Philippine College of Commerce and Business Administration.

Towards the middle of the year, the total resources of branches of foreign banks operating in the Philippines registered an increase of approximately 65 percent over 1947. Domestic banks registered an increase of 20 percent compared with the previous period. At the end of the year, 55 percent of the total assets of all banks were earning assets. This was ₱139 million more than the earnings assets at the end of 1947. Total resource were ₱177 million more than in 1947.

✓ 1949—In the year 1949, there were thirteen (13) banks operating in the Philippines, nine of which operated branches and agencies in various provinces and cities. This number consisted of twelve (12) of the seventeen (17) pre-war banks and the branch of the Bank of America. The five pre-war banks not in operation were the two Japanese banks, which were placed under liquidation by the United States authorities upon liberation, the Bank of the Commonwealth which has been in liquidation since April, 1943, the Banco Hipotecario de Filipinas, which was in voluntary liquidation since the latter part of 1946 and the Agricultural and Industrial Bank whose assets and liabilities were absorbed by the Rehabilitation Finance Corporation.

Of the thirteen (13) banks in operation, eight were domestic banks and five were branches of foreign banks in the City of Manila. There were thirty (30) provincial and city branches, fifty-three (53) provincial or district agencies of the Philippine National Bank and three (3) overseas branches and agen-

cies. Two of the overseas branches were both located in China, one in Amoy and the other in Shanghai and the third overseas branch in New York City, U.S.A. The two overseas branches in China were those of the China Banking Corporation which were ordered by their head office to close their business on August 24, 1949, the date before Amoy and Shanghai fell into the hands of the Communist government. At the close of 1949 the assets and liabilities of the Netherlands Indische Handelsbank were absorbed by the Bank of America, National Trust and Savings Association.

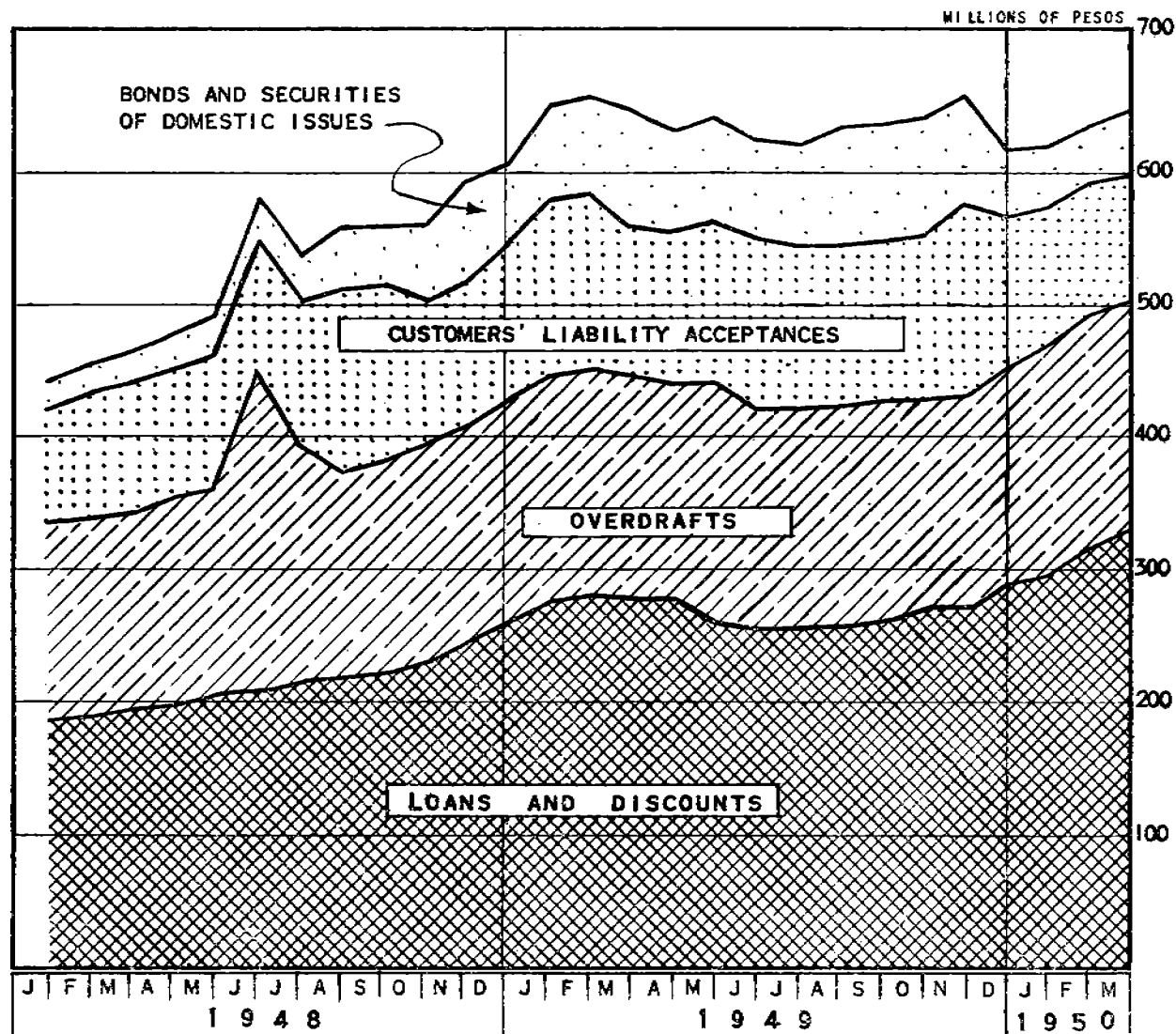
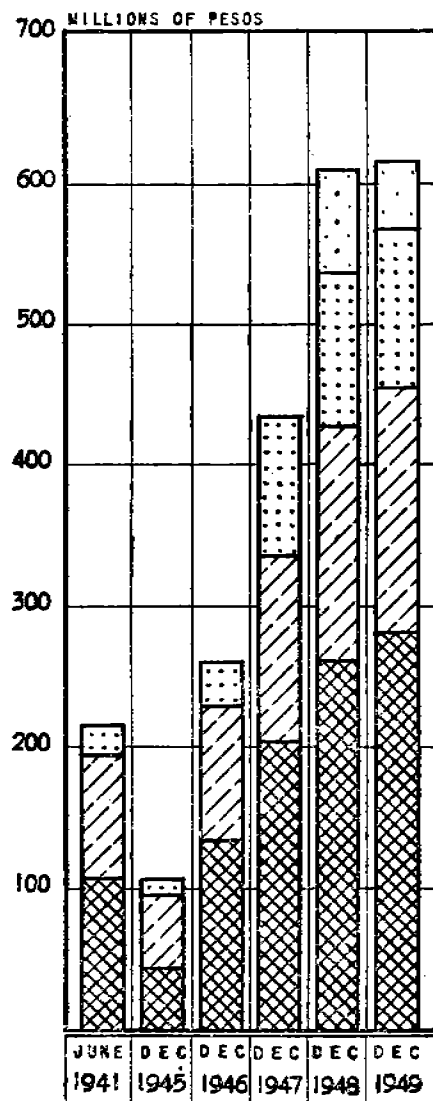
A comparison of consolidated assets and liabilities of banks operating in the Philippines on December 31, 1949 with the position on December 31, 1948 reveals that aggregate assets of banks decreased during 1949 by approximately ₱188 million. Cash in bank vaults decreased by ₱250 million, bills purchased by ₱26 million, investments in bonds and securities by ₱26 million, and the war items adjustments account by ₱8 million. On the other hand, deposits with the Central Bank increased by ₱41 million, overdrafts by ₱7 million, customers' liability acceptances under L/C and T/R by ₱11 million, items in transit by ₱8 million, and other assets by ₱8 million.

The decrease of cash in bank vaults was due to the transfer of the balances of banks from the Manila Clearing House Association to the Central Bank of the Philippines last January, 1949 when the latter commenced operations. These balances were formerly deposited with the Philippine National Bank. The bonds and securities held by the banking system decreased by ₱26 million because of the sale of ₱44 million worth of Rehabilitation Finance Corporation bonds held by the Philippine National Bank to the Central Bank of the Philippines last December, 1949. This was offset partially by purchases of the Philippine Bank of Commerce, China Banking Corporation, and the Philippine Trust Company amounting to more than ₱5 million of interim Rehabilitation and Development bonds issued by the government of the Philippines and purchases of ₱8 million Rehabilitation Finance Corporation bonds by the Philippine National Bank last August and September, 1949.

Total deposit liabilities (demand, savings and time), decreased by ₱107 million from the level of 1948 or by 12.65 percent. The decline was due to heavy withdrawals from the deposits of public funds amounting approximately to ₱127 million and also from the private demand deposits including United States Government entities, by ₱15 million. This was partially offset by an increase of savings and time deposits amounting to ₱35 million. Liabilities to local and foreign correspondents of the banking system decreased by approximately ₱110 million from the level at the beginning of the year.

The total capitalization of domestic banks increased by ₱297 thousand due to the increase of common stock paid-in of the Philippine Bank of Commerce. Of the branches of foreign banks established in the Philippines, two have an

DOMESTIC CREDITS OF ALL COMMERCIAL BANKS IN THE PHILIPPINES



assigned capital of ₱1 million each and one of ₱500 thousand. In addition to this assigned capital, their head offices guarantee the repayment of liabilities of these branches. Additions to surplus amounted to ₱2.85 million and the undivided and deferred profits increased by ₱.77 million while the net amount due to head offices registered a decrease of ₱9 million during the year.

2. DOMESTIC CREDITS.¹—Ever since the banks resumed postwar operations, there was a steady expansion of bank credit. In 1945, its volume was about half of the 1941 level, but within a year it recovered fully from this depressed position. By 1947, it had reached more than twice the prewar level and at the end of 1948, it had grown to a level that was about 285 percent of June, 1941. Its growth continued into January, 1949 and then it began declining irregularly until July. During the third quarter of the year however it resumed its upward swing once more. The monthly fluctuation of domestic credits of private banks in 1949 may be noted from the table shown below:

**DOMESTIC CREDITS OF ALL COMMERCIAL BANKS IN
THE PHILIPPINES**

1948 - 1949

(Millions of pesos)

<i>End of Month</i>	<i>Total</i>	<i>Loans and Discounts</i>	<i>Over- drafts</i>	<i>Customers' Liability Acceptances</i>	<i>Domestic Securities</i>
1948: December	612	264	168	108	72
1949: January	651	279	171	128	73
February	656	280	174	129	73
March	640	278	172	117	73
April	631	272	170	117	72
May	640	263	179	126	72
June	625	256	171	125	73
July	622	255	169	124	74
August	632	262	166	121	83
September	637	269	163	118	87
October	644	273	160	123	88
November	663	274	166	135	88
December	615	288	171	112	44

In December, 1949, the contraction of ₱23 million in customers' liability acceptances was almost wholly offset by an aggregate expansion of ₱19 million in loans, discounts and overdrafts. At the end of the year, unused overdraft lines amounted to ₱52 million, ₱10 million more than the balance at the beginning of the year.

¹ Data is not available on which to base an analysis of loans granted and paid by purpose, except for the Rehabilitation Finance Corporation.

During the year there was a slight increase in the total domestic credits of banks. The increase should have been ₱47 million if the ₱44 million Rehabilitation Finance Corporation bonds held by the Philippine National Bank were not sold to the Central Bank on December 9, 1949. Loans, discounts and overdrafts increased by ₱27 million, with domestic and foreign banks sharing almost equally in this increase. Customers' liability acceptances also increased by ₱4 million. Advances made to the National Government by private banks registered no change but their investments in National Government securities increased by around ₱6 million.

3. DEPOSITS.—In the postwar years, deposits expanded at a much faster rate than bank credit. At the close of 1945 they were more than one and a half times the 1941 level and at the end of 1946, they were more than two and two-thirds times the 1941 level. The causes behind the rapid growth of deposits in these years in spite of the slow expansion of bank credit are the large expenditures of the United States Government, the spending of the National Government and, probably, the extension of banking facilities to a greater portion of the populace. During the ensuing years, the rate of growth of deposits became moderate. In 1947, there was an increase of about ₱50 million and in 1948, another ₱50 million. The ratio of deposits to bank credits gradually moved down toward the normal prewar proportion of about one to one, from a 270 percent ratio in 1945 to 140 percent in 1948.

During 1949 the direction of movement of deposits was reversed from February on, as may be seen from the table below. On the whole, deposits contracted by ₱107 million.

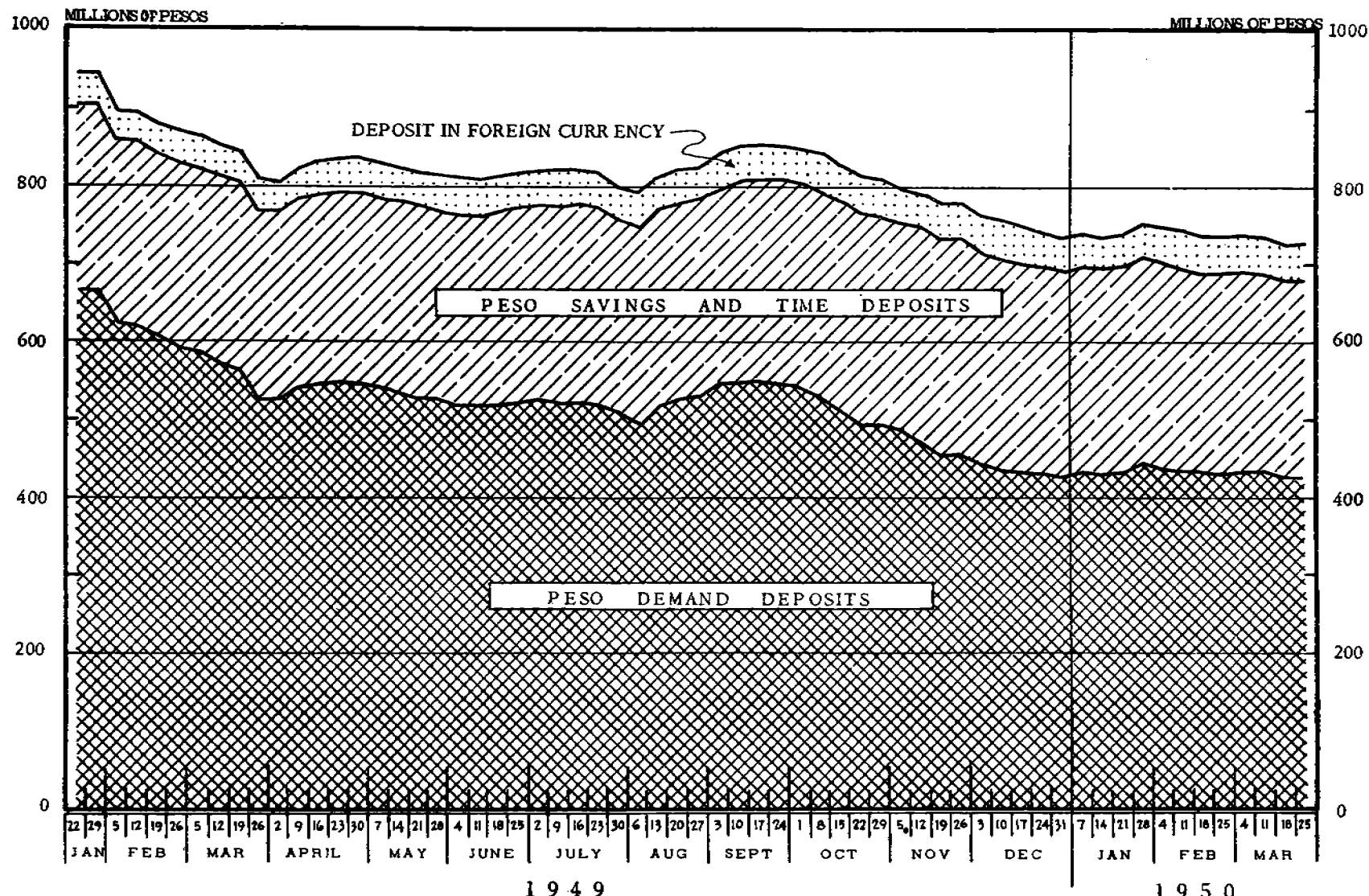
BANK DEPOSITS

(In millions of pesos)

	<i>Year and End of Month</i>	<i>Demand Deposits</i>	<i>Savings Deposits</i>	<i>Time Deposits</i>	<i>Total</i>
1948:	December	597	226	23	846
1949:	January	604	235	23	862
	February	576	236	24	836
	March	541	236	27	804
	April	555	236	29	820
	May	538	236	28	802
	June	536	239	30	805
	July	512	240	30	782
	August	538	244	30	812
	September	547	254	30	831
	October	500	261	32	793
	November	479	266	32	777
	December	455	255	29	739

DEPOSIT LIABILITIES OF ALL BANKS *

1949 - 1950



The persistent rise in the level of savings and time deposits, even as demand deposits and money supply were declining, has already been noted. In December, 1949, however, savings and time deposits declined by ₱14 million, presumably as a result of speculation due to the exchange crisis. It should be noted further that almost all savings and time deposits belong to private business and individuals, except a small portion of between ₱2 to ₱3 million belonging to semi-government entities.

The fall of ₱142 million in demand deposits occurred wholly in deposits owned by government entities and the United States government agencies.

DISTRIBUTION OF DEMAND DEPOSITS BY OWNERSHIP

(In Millions of pesos)

<i>Year and End of Month</i>	<i>National Government</i>	<i>Other Government Entities</i>	<i>U. S. Government</i>	<i>Private Business and Individuals</i>
1948: December	22	270	92	213
1949: January	16	288	90	210
February	16	277	67	216
March	17	246	51	227
April	16	233	75	231
May	16	232	65	225
June	20	244	50	222
July	21	222	51	218
August	37	220	69	212
September	49	198	78	222
October	24	182	65	229
November	23	158	65	233
December	32	133	58	232

These accounts, as already noted in the section on money supply, declined by ₱137 million and ₱34 million, respectively.

The average demand deposits of ₱536 million in 1949 was 5 percent lower than the average of ₱563 million in 1948. The rate of turnover decreased by 2%, from 16.47 times in 1948 to 16.1 times in 1949.

4. **BANK CLEARING.**—All duties and functions of the Manila Clearing House Association were transferred to the Central Bank of the Philippines in January, 1949. The Central Bank became the sole depository of members' reserves.

The following table compares the bank debits and the clearing for the years 1946 to 1949. In 1949 it will be observed that 61.24 percent of the total debits

to checking accounts passed through the clearings, an increase by 11.85 percent from the previous year.

(In Thousands of Pesos)

<u>Year</u>	<u>Bank Debits</u>	<u>Checks Cleared</u>
1946	4,959,007	2,186,594
1947	5,635,087	3,477,057
1948	9,266,100	4,576,880
1949	8,669,772	5,309,332

5. **BANKS' EARNINGS AND EXPENSES.**—Banks' net earnings for the year 1949 were higher by ₱2.1 million than the preceding year. It will be observed from the table below that there was a decrease of ₱2.5 million in the gross earnings and an increase of ₱1.5 million in the expenses in 1949, as compared with 1948. But the amortization during 1948 of losses incurred during the war brought down net earnings that year to a level lower than 1949.

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES OF OTHER BANKS¹

DURING THE YEARS 1948 AND 1949

(In Thousands of Pesos)

	<u>1 9 4 8</u>		<u>1 9 4 9</u>	
	<u>Amount</u>	<u>Ratio (Percent)</u>	<u>Amount</u>	<u>Ratio (Percent)</u>
A. GROSS EARNINGS:				
Interest and discounts on loans .	19,262	38.1	23,126	48.1
Interest & dividends on investments	1,500	3.0	2,262	4.7
Interest on balances with other banks	603	1.2	55	.1
Domestic exchange and collection charges	2,527	5.0	2,810	5.8
Income on foreign exchange	19,381	38.2	10,402	21.7
Commissions	3,629	7.2	4,947	10.3
Trust department earnings	352	.6	422	.9
Net profit on sale of assets	23	.1	54	.1
Other earnings	3,341	6.6	3,971	8.3
Profits on securities sold	3			
TOTAL INCOME	<u>50,621</u>	<u>100.0</u>	<u>48,049</u>	<u>100.0</u>

¹ Excluding Postal Savings Bank and Rehabilitation Finance Corporation.

B. EXPENSES:

Salaries	8,727	32.0	8,705	30.4
Interest on savings deposits	2,858	10.5	3,191	11.1
Interest on time certificate of deposits	450	1.6	540	1.9
Interest on demand deposits	320	1.2	310	1.1
Interest on deposits of other banks	266	1.0	50	.2
Interest & discount on money borrowed	272	1.0	95	.3
Taxes	4,680	17.1	4,869	17.0
Insurance	150	.6	847	2.9
Foreign exchange losses	—	—	142	.5
Depreciation of banking house, furniture and fixtures	279	1.0	707	2.5
Losses on uncollectible accounts ..	2,343	8.6	2,867	10.0
Other expenses	6,945	25.4	6,321	22.1
TOTAL EXPENSES	27,290	100.0	28,644	100.0

C. NET EARNINGS FROM OPERATIONS

	23,331	19,405
Add: Recoveries on charge — off assets	1,352	—
Adjustments	410	—
TOTAL	25,093	19,405
Less: Other losses	7,785	—

D. NET EARNINGS

17,308	19,405
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6. IMPORT AND EXPORT BILLS.—The total of import bills that passed through the banks for the year ended 1949, amounted to approximately ₱582 million compared to ₱474 million during the previous year, while total export bills negotiated through banks for the same period amounted approximately to ₱266 million against ₱411 million for the previous year.

(In Millions of Pesos)

<i>Year</i>	<i>Total Import Bills</i>	<i>Total Export Bills</i>
1946	402	82
1947	732	435
1948	474	411
1949	582	266

7. CAPITAL REQUIREMENTS.—Under the old banking laws, the unimpaired capital and surplus of a commercial bank must, at all times, equal 10 percent of its deposit liabilities, regardless of its liquidity or the character of its assets. This, in effect, restrained the growth in the deposits of banks. When the Central Bank of the Philippines commenced operations on January 3, 1949, this requirement was amended by Republic Act 337 as follows:

"The combined capital accounts of each commercial bank shall not be less than an amount equal to fifteen per cent (15%) of its total assets, which would be determined by the Monetary Board, excluding the following assets:

- a. Cash on hand;
- b. Amounts due from banks, both at home and abroad, including all deposits with the Central Bank;
- c. Evidences of indebtedness of the Republic of the Philippines and of the Central Bank and any other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines... (Section 22)."

In the case of Philippine branches of foreign banks, the provisions are:

"In order to provide effective protection of the interest of the depositors and other creditors of Philippine branches of foreign banks, the head office of such branches shall fully guarantee the prompt payment of all liabilities of its Philippines branch.

"The Monetary Board shall from time to time direct the Superintendent of Banks to make such investigations as it may deem necessary to ascertain that the aforesaid guarantee by the head office represents effective protection of the depositors or other creditors of the branch... The Board may, further, as long as the guarantee of the head office is deemed inadequate, require the head office to assign to its Philippine branch an amount of capital sufficient to meet the minimum requirement. (Section 69)."

Central Bank regulation of exchange rates and a minor decrease in the volume of foreign transactions resulted in a reduction of income in foreign exchange, which was partially offset by a rise in earnings from loans and investments. While the ratios to total receipts of the respective income from these two sources were almost the same in 1948, the income from loans and investments outdistanced income on foreign exchange by a wide margin in 1949 and became the principal source of bank earnings.

8. RATIO OF EARNING ASSETS.—The earning assets of banks are loans and discounts, overdrafts, customers' liability acceptances under letters of credit or trust receipts and bonds and securities of domestic and foreign issue. The deposit liabilities of banks are composed of demand, savings and time deposits.

Comparative figures as of December 31, 1949 and December 31, 1948 show that the ratio of banks' earning assets to total assets had increased by 9.7 percent from 1948 level. For every peso worth of assets of the banking system, an average of 61.5 cents were earning assets during the year. The ratio of total earning assets to total deposit liabilities of banks at the end of 1949 compared to the previous year shows an increase of 14.4 percent. For every peso deposited in

demand, savings and time accounts, an average of 80.62 cents were invested during the year. The following table shows the ratio of earning assets to total assets and total deposit liabilities of all banks during 1949.

<i>End of month</i>	<i>Total Earning Assets</i>	<i>Total Assets</i>	<i>Total Deposits</i>	<i>R A T I O (Percent)</i>	
				$1 \div 2$	$1 \div 3$
	(1)	(2)	(3)		
December (1948)	593	1,147	846	51.7	70.1
January	660	1,088	862	60.7	76.6
February	666	1,065	836	62.5	79.7
March	650	1,029	804	63.2	80.8
April	656	1,038	810	63.2	80.0
May	649	1,093	802	59.4	80.9
June	635	1,023	805	62.1	78.9
July	632	991	782	63.8	80.8
August	642	1,070	812	60.0	79.1
September	647	1,084	831	59.7	77.9
October	654	1,087	793	60.2	82.5
November	672	1,086	777	61.9	86.5
December	<u>624</u>	<u>1,016</u>	<u>739</u>	<u>61.4</u>	<u>84.4</u>
Average	<u>649</u>	<u>1,056</u>	<u>805</u>	<u>61.5</u>	<u>80.62</u>

NOTE: Total asset figures were taken from the monthly report of the banking system wherein the items in transit and other transactions of the head office with their branches and agencies or vice-versa are included.

On June 30, 1949, the Monetary Board approved the form of the Deed of Guaranty and authorized the Governor to send a copy thereof to each of the foreign banks with branches operating in the Philippines. The Deed of Guaranty is the certificate of the head office guaranteeing full payment of all liabilities of the branches of foreign banks operating in the Philippines.

The relation between the capital required and capital accounts of the domestic banks may be summarized as follows:

(In Thousands of Pesos)

	JUNE 30, 1949			DECEMBER 31, 1949		
	<i>Capital Required</i>	<i>Capital Accounts</i>		<i>Capital Required</i>	<i>Capital Accounts</i>	<i>Excess</i>
Total for all domestic banks	<u>49,352</u>	<u>61,363</u>	<u>12,011</u>	<u>59,656</u>	<u>66,402</u>	<u>6,746</u>

VII. GOVERNMENT FINANCE IN 1949

A. Income and Expenditures

From January to June, 1949, the National Government realized a total income from all sources of P209,610,745.17, as against total expenditures of P306,780,350.10, or an excess of expenditures over income for the six months period of P97,169,604.93. The following table shows how the deficit was incurred:

STATEMENT OF INCOME AND EXPENDITURES¹

(General, Special and Bond Funds)

January to June, 1949

	<i>General</i>	<i>Special</i>	<i>Bond</i>	<i>Total</i>
Income	P163,560,486.68	P36,310,838.49	P9,739,420.00	P209,610,745.17
Expenditures ..	276,081,813.08	25,959,117.02	4,739,420.00	306,780,350.10
Surplus or (Deficit) ...	(112,521,326.40)	10,351,721.47	5,000,000.00	(97,169,604.93)

The deficit of P97,169,604.93 is net after deducting the aggregate surplus of P15,351,721.47 in the Special and Bond Funds from the deficit of P112,521,326.40 in the General Fund.

The lack of data on income and expenditures for the second half of 1949 prevents any detailed analysis of government finances during this period.

1. COMPARISON OF 1949 WITH 1948

a. General Fund

The first six months of 1949 showed total income and transfers of P163,560,486.68 as against total expenditures and transfers of P276,081,813.08, or an excess of expenditures over income of P112,521,326.40. Total income for the same period last year amounted to P148,196,137.00 and expenditures to P207,140,498.45, leaving a deficit of P58,944,361.45. Both income and expenditures during the first half of 1949 increased over those of the like period in 1948 by 10.4 and 33.3 percent, respectively.

Revenue from taxation during this period amounted in 1949 to P139,790,236.55, as against P129,313,793.68 in 1948, or an increase of P10,476,442.87. Earnings and other credits amounted to P18,757,188.69 as compared with P14,914,852.31 for 1948. The increase in income and transfers, however, did not suffice to meet the increase in expenditures.

Ordinary income during the first half of 1949 amounted to P161,345,878.53, which is P14,930,245.81 or 10.1 percent greater than that for the like period of

¹ Based on preliminary figures furnished by the General Auditing Office. The expenditures include accounts payable estimated at P86 million.

1948. The increase was due primarily to the intensification of tax collection as shown by the increase of ₦10,476,442.87 in revenue from taxation and ₦3,842,336.38 in earnings and other credits. Extraordinary income for the period aggregated ₦2,214,608.15 in 1949 as against ₦1,580,504.28 in 1948, an increase of ₦634,103.87. Repayments of advances increased by ₦872,083.24 but interfund transfers showed a decrease of ₦237,979.37.

Table 50 shows in greater detail the categories of expenditures and where increases were greatest. Administrative expenses increased by ₦65,116,925.84 in 1949 from the ₦149,182,463.23 recorded during the first half of 1948. Next to administrative expenses, disbursements for public debt increased the most (₦10,511,544.10) followed by pensions and gratuities. Other items such as outlays, contributions to local governments, public works and investments showed decreases from their levels in 1948.

Pensions and gratuities increased by ₦3,031,994.55. Public debt increased by ₦10,511,544.10 as a result of the monthly contributions to the sinking fund to cover backpays of government employees. On the other hand, investments declined by ₦6,053,158.72 and contributions to local governments, by ₦1,486,778.85. Ordinary outlays, such as the purchase of equipment, cost the government less during the first half of 1949 than the like period of the previous year. Public works decreased by ₦1,174,504.15.

Ordinary expenditures aggregated ₦266,986,160.70 as against ₦191,913,919.43 for the like period in 1948, an increase of ₦75,072,241.27 or 39.1 percent. As noted above, this was due mainly to administrative expenses. Responsible for the big jump in administrative expenses were the creation of additional positions and supplementary personnel, and the expanded activity of various branches of the government.

Unlike the ordinary expenditures which registered a sharp increase, extraordinary expenditures which aggregated ₦9,095,652.38 during the six-month period were short by ₦6,130,926.64 or 40.3 percent when compared with the corresponding previous year's total of ₦15,226,597.02. Investments which amounted to ₦3,064,445.54 showed the largest decline of ₦6,053,158.72 from the total of ₦9,117,604.26 the previous year. Extraordinary interfund transfers also decreased by ₦375,676.55.

On the whole, it will be noted that although there were more items of expenditures that actually showed decreases, the increase in administrative expenses alone was too big to offset by the aggregate decreases.

b. *Bond Fund*

During the first six months of 1949, the receipts of the Fund amounted to ₦9,739,420.00 representing proceeds of the sale of Rehabilitation and Development bonds. Against this, investments were made amounting to ₦4,739,420.00

which represent loans to the National Development Company and the National Power Corporation for various rehabilitation and development projects. The surplus realized was ₱5,000,000 by June 30, 1949.

c. *Special Fund*

During the first half of 1949, the Special Fund realized an aggregate income of ₱36,310,838.49 and incurred expenditures amounting to ₱25,959,117.02, or an excess of income over expenditures in the amount of ₱10,357,721.47.

The income of ₱36,310,838.49, consisting of ordinary revenues of ₱28,692,622.12 and extraordinary income amounting to ₱7,618,216.37 is lower than the total of ₱66,364,396.25 for the like period in 1948 by ₱30,053,557.76 or 45.3 percent. The principal items of income which decreased are: (a) earnings and other credits which showed a decrease of ₱25,328,150.35, and (b) ordinary revenue collections which decreased by ₱5,291,192.26.

Total expenditures decreased by ₱7,332,116.69 or 22 percent from the ₱33,291,233.72 recorded for the first half of 1948. Responsible for the decrease were the following principal items of expenditures: (a) investments which decreased by ₱6,845,432.80, (b) a decrease of ₱919,682.40 in the expenditures incurred for public works projects, such as the construction of buildings and roads, and the maintenance and repair of roads and bridges, and (1) interfund transfers and reversions which showed a decrease of ₱237,979.37. A detailed comparative statement of income (classified as to sources) and expenditures (classified as to character) and current surplus appears in Table 52-A.

B. **Public Debt**

Public debt at the end of 1949 stood at ₱666,969,210.93 against ₱609,642,627.83 in 1948, or an increase of ₱57,326,583.10. The increase is due to the issuance of Rehabilitation and Development bonds amounting to ₱54,046,450.80 and of Treasury bills in the amount of ₱1,000,000.00. Furthermore there is a net increase in Rehabilitation Finance Corporation borrowings of ₱2,921,900.00. From this should be deducted redemptions of municipal bonds amounting to ₱170,000.00 and long term loans of ₱471,767.70.

1. COMPOSITION

Public debt may be alternatively classified into bonded and non-bonded, direct and guaranteed, or foreign and domestic.

Of the entire public debt, the total bonded indebtedness during the period under review amounted to ₱241,539,550.80 and the non-bonded obligation, to ₱425,429,660.13. Direct obligations of the government during 1949 amounted to ₱612,313,110.93 and guaranteed obligations were placed at ₱54,656,100.00. It should be noted that prior to July 4, 1946, the direct bonded obligation of the National Government fell under the category of National Bonds. Bond issues

falling under the classifications of National Collateral Bonds and Bonds of Direct Issue were then considered Guaranteed Bonded Obligations. However, under Section 1 of Article XVII of the Constitution of the Philippines, the total National Collateral Bonds and Bonds of Direct Issue fall under the same category as the National Bonds and therefore since July 4, 1946, they have been considered as Direct Bonded Obligations of the National Government. On the third basis of classification, domestic obligations would amount to ₱434,802,210.93 and foreign obligations, to ₱232,167,000.00.

a. Bonded and Non-Bonded¹

The bonded indebtedness of the National Government in 1949, including the city, provincial and municipal governments, the Metropolitan Water District, the National Power Corporation, and the Rehabilitation Finance Corporation, amounted to ₱241,539,550.80 as against ₱184,741,200.00 in 1948, or an increase of ₱56,798,350.80. This increase was due to the flotation of Rehabilitation and Development bonds amounting to ₱54,046,450.80 and some small items mentioned at the beginning of this section. As stated before, ₱5,849,420.00 of this amount as of January 31, 1950 have been sold to three private banks and the balance is still with the Central Bank as security for extraordinary advances for income producing projects.

The Rehabilitation Finance Corporation's bonded obligation registered a net increase of ₱2,921,900.00 as a result of the flotation of new bonds having an aggregate value of ₱8,960,200.00, and the redemption of outstanding ones amounting to ₱6,038,300.00. The net amount outstanding increased from ₱51,734,200.00 in 1948 to ₱54,656,100.00 for the period under review.

The decrease of ₱170,000.00 in the bonded obligation of municipal governments was due to the full redemption by Bangued, Abra and Majayjay and Santa Cruz, Laguna, of sewer bonds valued at ₱40,000.00, ₱90,000.00 and ₱40,000.00, respectively. Obligations of other government instrumentalities remained unchanged.

The non-bonded obligation of the government in 1949 amounted to ₱425,429,660.13 as against ₱424,901,427.83 for the preceding year, or an increase of ₱528,232.30. This increase represented the difference between Treasury Bills issued amounting to ₱1,000,000.00 which were acquired by the Bank of the Philippine Islands from the Central Bank on July 15, 1949 at a discount of 1-1/2 percent due July 15, 1950, and the total decrease in long term loans of ₱471,767.70. The amount outstanding of long term loans which are now being liquidated through the Rehabilitation Finance Corporation was placed at ₱4,429,660.13 as of December 31, 1949 compared with ₱4,901,427.83 for the previous year. These

¹ Please refer to Table 53 for the composition of the bonded and non-bonded indebtedness of the government.

loans were intended for the construction of permanent bridges. They have no maturity dates and fixed amortization payments. These loans are investments of special government funds such as the Government Service Insurance System Fund, Postal Savings Bank Fund and the San Lazaro Loan Fund. Payments for amortization and interest are taken from toll bridge collections.

The budgetary loan from the United States Government and the backpay obligation remained unchanged at ₱120,000,000.00 and ₱300,000,000.00¹ respectively.

b. *Direct and Guaranteed*²

Of the entire public debt in 1949, the direct obligations of the government, aggregated ₱612,313,110.93 as against ₱557,908,427.83 for the preceding year. The increment of ₱54,404,683.10 was realized after the net decrease in long-term loans and the redemption of some outstanding municipal bonds was deducted from the increase in bonds of direct issue which include the Rehabilitation and Development bonds and Treasury bills floated during the year. The only guaranteed obligation of the government during the year under review is the outstanding Rehabilitation Finance Corporation bonds which amount to ₱54,656,100.00.

c. *Domestic and Foreign*³

The amount of domestic debt outstanding increased by ₱57,326,583.10 to ₱434,802,210.93 in 1949 as against ₱377,475,627.83 for the preceding year. The nature of this increase has already been explained above.

Foreign debt during the period under review remained unchanged at ₱232,167,000.00. It was made up of (a) Government bonds which amounted to ₱112,167,000.00 and (b) the budgetary loan of ₱120,000,000.00 from the United States Reconstruction Finance Corporation which does not have any sinking fund provisions.

The foreign debt, with the exception of the ₱120,000,000.00 budgetary loan from the United States Reconstruction Finance Corporation, is being serviced by the United States Treasury. Detailed data is not available to show the holders of this debt.

2. SERVICING AND REDEMPTION

In 1949 interest payments made on domestic debts amounted to ₱1,592,608.37 as against ₱867,354.97 for the preceding year. This represented an increase of ₱725,253.40 partly due to payments made on Rehabilitation Finance Corpora-

¹ Payments had been made on this obligation, but no record of the total amount paid so far, is available to the Department.

² Table 54 shows the composition of the government's direct and guaranteed obligations.

³ See Table 55 for a more vivid picture of the composition of the domestic and foreign debts.

tion bonds which increased from ₱50,013.03 during 1948 to ₱424,943.77 for 1949, or an increase of ₱374,930.74 over the year. Interest payments on government bonds also increased by ₱366,711.13 to ₱942,711.13 as against ₱576,000.00 in 1948. Interest on Rehabilitation and Development bonds amounted to ₱125,172.34. No payments were made in 1948 inasmuch as these bonds did not exist at the time. On long-term loans, payments amounted to ₱99,781.13 in 1949 as against ₱241,341.94 for the preceding year, or a drop of ₱141,560.81.

Estimated interest payments on foreign obligations during 1949 amounted to ₱7,578,667.00 as against ₱7,009,565.34 for the preceding year. The difference of ₱569,101.66 was due to the increase of ₱575,677.00 in the estimated interest payments made on dollar bonds. The amount was too big to be offset by the decrease of ₱6,575.34 in the interest payments made on the budgetary loan of ₱120,000,000.00.

There is no record of any default in the payment of interest or principal. The National Power Corporation had requested postponement of payments on interest in arrears during the occupation but is up to date on payments of current interest.

Defaults in interest payments during the period of Japanese occupation were made up by interest payments during the years 1946, 1947 and 1948. However, there are interests still unpaid because the holders have not yet appeared for collection.

No data on interest accrued or in arrears are available.

Holders of the Domestic and Foreign Debt

Of the total domestic debt of ₱434,802,210.93, the bonded amounted to ₱129,372,550.80, and the non-bonded, to ₱305,429,660.13. The holders and their corresponding holdings of the bonded debt are as follows:

- a) the Central Bank, ₱92,197,030.80 or 71.3 percent
- b) the Philippine National Bank, ₱12,073,850 or 9.3 percent
- c) commercial banks other than the Philippine National Bank, ₱10,658,620 or 8.3 percent.
- d) the Rehabilitation Finance Corporation, ₱6,627,800.00 or 5.1 percent
- e) the PAAF, U. P. and N. P. C. and provincial and city governments, ₱3,977,000 or 3.1 percent
- f) insurance companies, ₱1,711,700 or 1.3 percent
- g) inter-sinking fund holdings and Special Government Trust Funds, ₱1,064,500 or 0.8 percent
- h) private persons and corporations and/or associations, ₱655,350 or 0.5 percent
- i) holders of coupon and/or bearer bonds not registered and unclassified, ₱406,700 or 0.3 percent

The non-bonded obligations are held by the following:

- a) P300,000,000 or 98.2 percent is in the hands of private persons, corporations and/or associations
- b) P4,429,660.13 or 1.5 percent is with the Sinking Fund and Special Government Trust Funds
- c) P1,000,000 or 0.3 percent is with commercial banks other than the Philippine National Bank.

Of the total domestic debt outstanding private persons, corporations and/or associations hold P300,655,350 or 69.1 percent; the Central Bank, P92,197,030.80 or 21.2 percent; the Philippine National Bank P12,073,850 or 2.8 percent; commercial banks other than the PNB are credited with P11,658,620 or 2.7 percent, the Rehabilitation Finance Corporation — with P6,627,800 or 1.5 percent, Inter-Sinking Fund and Special Government Trust Funds — with P5,494,160.13 or 1.3 percent, the PAAF, U. P., National Power Corporation and provincial and city governments — with P3,977,000 or 0.9 percent, insurance companies — with P1,711,700 or 0.4 percent, and various holders of unregistered bonds — with P406,700 or 0.1 percent.

As stated above, no detailed data on foreign bondholders is available.

Debt Serviced by the Central Bank

Transactions in 1949 relating to the servicing and redemption of government bonds and other securities reveal that as of December 31, 1949, the total outstanding bonds to be serviced by the Central Bank amounts to P61,596,420.00, accounted for as follows:

Total Outstanding Government Bonds as of December 31, 1948:

Bonds issued prior to May 1, 1934:

National Bonds	P97,450,000.00	
National Collateral Bonds	15,494,700.00	
Bonds of Direct Issue	<u>1,170,000.00</u>	<u>P114,114,700.00</u>

Bonds issued after May 1, 1934:

National Bonds	5,500,000.00	
National Collateral Bonds	1,892,300.00	
Bonds of Direct Issue	<u>11,500,000.00</u>	<u>18,892,300.00</u>

Direct Obligations of the National Government as of December 31, 1948

133,007,000.00

Guaranteed Obligations of the National Government as of December 31, 1948 — RFC Bonds

51,734,200.00

Total Bonded Indebtedness of the National Government as of December 31, 1948 ...

184,741,200.00

Add: Rehabilitation and Development Bonds	54,046,450.80	
Net Increase in RFC Bond Issues	<u>2,921,900.00</u>	<u>56,968,350.80</u>
Total		241,709,550.80 ¹

Deductions:

Bonds redeemed April 20, 1949	170,000.00 ²	
Bonds purchased by the Government	66,198,000.00 ³	
Bondholdings of various funds of the National Government (deposited with Chase National Bank)	10,882,000.00	
Rehabilitation and Development Bonds held by Central Bank	48,207,030.80	
RFC Bonds Being Serviced by the RFC ..	<u>54,656,100.00</u>	<u>180,113,130.80</u>

Total Outstanding Bonds as of December 31, 1949 to be Serviced by the Central Bank . P61,596,420.00⁴

(a) *Peso Securities*: The total value of peso bonds serviced by the Central Bank in 1949 amounts to P25,489,570.00, of which P18,816,400.00 (registered bonds) and P823,750.00 (coupon bonds) correspond to pre-war issues and the balance of P5,849,420.00 to Rehabilitation and Development interim bonds issued and sold in 1949. Total interest on peso securities, including arrears in interest accrued during the Japanese occupation, paid during the year amounted to P1,067,883.47, distributed as follows:

Interest on Registered Bonds	P839,096.88
Interest on Coupon Bonds	103,614.25
Interest on Rehabilitation and Development Bonds	<u>125,172.34</u>

TOTAL P1,067,883.47

Pursuant to a resolution of the Cabinet dated September 27, 1946, arrears in interest are being paid as noted below:

<u>Year Due</u>	<u>Year Payable</u>
1941	1946
1942	1947
1943	1948
1944	1949
1945	1950

¹ Exclusive of Manila Railroad Company Bonds in the amount of P31,972,000.00 of which only the interest on P1,388,000.00 Southern Lines Bonds is guaranteed by the National Government.

² 5% 30-year sewer bonds of the municipalities of Bangued, Abra, and Majayjay and Sta. Cruz, Laguna, issued in 1919.

³ These bonds appear in Treasury reports under the heading "cancelled and destroyed bonds."

⁴ P30,731,850.00 of this amount represents dollar bonds being serviced directly by the Treasurer of the United States.

(b) *Dollar Securities*: ₱5,385,000.00 worth of dollar coupon bonds were actually serviced by the Central Bank during the year. Interest paid on these bonds amounted to ₱239,200.00 of which ₱223,465.00 was paid to holders of bonds held by the Chase National Bank for the account of the Government and ₱15,735.00 to other bondholders who surrendered 336 coupons.

Dollars bonds issued prior to May 1, 1934 are being serviced by the Treasurer of the United States out of the Special Trust Fund Account set up under the provisions of Section 6 (g) (4) of the Act of the United States Congress approved August 7, 1939. The program approved by the United States Congress for the settlement of bonds issued prior to May 1, 1934 requires the periodical payment of interest and principal from 1947 to 1952. Payment thereof has been made in accordance with the aforementioned provision, the last payment having been made on April 4, 1949 in the amount of ₱5,600,000.00.

Available records show that 25,965 pieces of bonds with a face value of ₱5,272,300.00 were lost during the war. These are distributed into 54 bondholdings owned by 35 investors of whom 30 are private individuals and institutions and 5 are government entities.

3. SINKING FUND

As of December 31, 1949, the sinking fund reserve amounted to ₱134,081,965.58 including the ₱30,730,958.27 supplementary sinking fund set aside by the National Government for the redemption of its bonds. This last amount is not apportioned to any particular bond issue. This is in excess of the required reserve by ₱7,321,346.07.

4. PER CAPITA DEBT BURDEN

On the basis of an estimated population of 19,695,000 in 1949, the per capita debt amounts to ₱33.86. The national income estimated at ₱4,500,000,000 reduces to a per capita share of ₱229.00. The per capita debt burden represents about 15 percent of per capita income.

VIII. THE FINANCIAL CONDITION AND OPERATIONS OF THE CENTRAL BANK¹

On December 31, 1949, the Central Bank of the Philippines had total assets of ₱793,108,460.62 against total liabilities of ₱776,644,277.28. The balance of ₱16,464,183.34, consists of: Capital — ₱10,000,000.00, and Undivided Profits — ₱6,464,183.34.

¹ Abstract from the Auditor's Report.

A. Assets

The assets are composed of the following:

	<i>December 31, 1949</i>	<i>January 3, 1949</i>	<i>+ Increase — Decrease</i>
International Reserve (P230,699,652.54) ...	P460,688,975.49	P742,598,989.72	—P281,910,014.23
Contribution to the In- ternational Monetary Fund	30,000,000.00	30,000,000.00	—
Domestic Securities	92,197,030.80	—	+ 92,197,030.80
Loans and Advances ...	77,046,838.83	—	+ 77,046,838.83
Account to Secure the Coinage	113,306,275.85	113,306,275.85	—
Other Assets	<u>19,869,339.65</u>	<u>19,243,663.25</u>	<u>+ 625,676.40</u>
Total Assets	<u>P793,108,460.62</u>	<u>P905,148,928.82</u>	<u>—P112,040,468.20</u>

1. INTERNATIONAL RESERVE (\$230,699,652.54) — P460,688,975.49

The International Reserve held by the bank meets with the requirements outlined in Section 69, Republic Act No. 265. It amounts to P460,688,975.49, itemized as follows:

	<i>December 31, 1949</i>	<i>January 3, 1949</i>	<i>+ Increase — Decrease</i>
Gold	P 2,721,242.16	P 2,721,242.16	P —
Due from U. S. Depo- sitories	447,969,125.11	739,829,873.24	—291,860,748.13
U. S. Government Secu- rities	9,973,963.90	—	+ 9,973,963.90
Foreign Currency (U. S. Coins)	<u>24,644.32</u>	<u>47,874.32</u>	<u>23,230.00</u>
TOTAL	<u>P460,688,975.49</u>	<u>P742,598,989.72</u>	<u>—P281,910,014.23</u>

2. GOLD (\$1,360,621.08) — P2,721,242.16

This consists of 269 gold bars on deposit with the U. S. Mint at San Francisco, California, with an indicated weight of 1,343,493.95 grams, derived from the melting of U. S. gold coins with a face value of \$805,410.00, held by the former Government of the Philippine Islands at the time of the devaluation of dollar in 1933.

This gold bullion is carried in the books of the Bank at \$1,360,621.08² computed at \$35.00 per ounce.

² The peso (P) is divided into 100 centavos (¢); gold value is 7-13/21 grains of gold, 0.900 fine (Sections 47 and 48, Republic Act No. 265).

3. DUE FROM U. S. DEPOSITORIES (\$224,339,727.35) -- P447,969,125.11

The following deposit accounts are the principal items of the International Reserve:

<u>Depository</u>	<u>December 31, 1949</u>	<u>January 3, 1949</u>	<u>+ Increase — Decrease</u>
<u>Time Deposits:</u>			
U. S. Treasury:			
Account No. 891-693, 2%	\$ 55,000,000.00	\$ 55,000,000.00	\$ —
Account No. 891-694, 1%	80,000,000.00	200,000,000.00	— 120,000,000.00
Bank of America N. T. & S. A., San Francis- co, 1-1/8%	25,000,000.00	—	+ 25,000,000.00
The Chase National Bank of the City of New York, 1%	25,000,000.00	—	+ 25,000,000.00
The National City Bank of New York, New City, 1%	25,000,000.00	—	+ 25,000,000.00
	<u>\$210,000,000.00</u>	<u>\$255,000,000.00</u>	<u>— \$ 45,000,000.00</u>
<u>Demand Deposits:</u>			
U. S. Treasury	\$ —	\$114,396,061.74	— \$114,396,061.74
Bank of America N. T. & S. A., San Francisco	1,591,126.78	—	+ 1,591,126.78
Federal Reserve Bank of New York	5,489,937.79	—	+ 5,489,937.79
The Chase National Bank of the City of New York	3,007,369.90	518,874.88	+ 2,488,495.02
The National City Bank of New York, New York City	2,981,574.04	—	+ 2,981,574.04
	<u>\$ 13,070,008.51</u>	<u>\$114,914,936.62</u>	<u>— \$101,844,928.11</u>
Total Deposits	<u>\$223,070,008.51</u>	<u>\$369,914,936.62</u>	<u>— \$146,844,928.11</u>
Add: Accrued Interest on Time Deposits	<u>\$ 1,269,718.84</u>	<u>\$ —</u>	<u>+ \$ 1,269,718.84</u>
Total Due from U. S. Depositories	<u>\$224,339,727.35</u>	<u>\$369,914,936.62</u>	<u>— \$145,575,209.27</u>

The corresponding exchange transactions in U. S. dollar currency during fiscal year 1949 are summarized hereunder:

4. U. S. DOLLAR ACQUISITIONS

Treasury Certificate Fund	\$367,356,478.21
Exchange Standard Fund	2,372,268.10
General Fund (Treasurer of the Philippines)	33,034,205.16
Miscellaneous Sinking Funds (Treasurer of the Philippines)	2,412.04
U. S. Treasury Credits:	
Money Order Fund (Treasurer of the Philippines)	10,331,100.00
PNB New York Agency Collections, interest on bonds, proceeds of pre-war checks, etc.	662,775.57
U. S. Dollars purchased—Banks, etc.	41,613,817.93
U. S. Dollars purchased—U. S.-Philippine War Damage Commission	15,000,000.00
Net Proceeds—Sales of U. S. Treasury Bills	100,886,479.04
NCB Sight Draft exchange for U. S. Currency	11,677.10
Interest on Time Deposits credited to Demand De- posits	1,845,452.87
Federal Reserve Bank (account of Fores & Sons)	112,900.00
Total Acquisitions	<u>\$573,229,566.02</u>

5. U. S. DOLLAR DISPOSITIONS

U. S. Dollar Sales	\$236,921,363.87
Payments for account of the Treasurer of the Philippines:	
Annuity	2,800,000.00
Remittance to PNB New York Agency	4,513,000.00
Expenses and Other Payments	21,730.96
U. S. Treasury Bills Purchased	105,790,562.68
Federal Reserve Bank—(account of Fores & Sons) ...	112,900.00
Total Dispositions	<u>\$350,159,557.51</u>
Net Amount Due from U. S. Depositories	<u>\$223,070,008.51</u>

6. U. S. GOVERNMENT SECURITIES (\$4,986,981.95) — P9,973,963.90

These are U. S. Treasury Bills, with a face value of \$5,000,000.00, purchased for \$4,986,981.95 by the Federal Reserve Bank of New York on October 27, 1949, for short term investments of the Central Bank of the Philippines.¹

7. FOREIGN CURRENCY (U. S. COINS, \$12,322.16) — P24,644.32

The foreign currency held by the bank consists of \$12,318.16 in U. S. coins of various denominations and \$4.00 in U. S. bills.

¹ Sold on January 3, 1950, for \$4,993,634.71.

8. CONTRIBUTION TO THE INTERNATIONAL MONETARY FUND—

₱30,000,000.00

The investment of ₱30,000,000.00 of the Republic of the Philippines in the International Monetary Fund, under Commonwealth Act No. 699, known as the "Bretton Woods Agreements Act", was among the available assets of the Treasury Certificate Fund, which were transferred by the Treasurer of the Philippines to the Central Bank on January 3, 1949, as part of the consideration for the liability assumed by the Bank on "all outstanding Treasury certificates."¹

This investment, which was originally made by the Commonwealth Government of the Philippines, consists of the following:

Payment made at the time the Articles of Agreement of the International Monetary Fund was signed (in U. S. dollar) .	\$ 1,500.00	
Payment in gold, December 12, 1946, Section 3(b), Article III, of the Agreement	<u>3,748,548.79</u>	
	<u>\$3,750,048.79</u>	₱ 7,500,097.58
Payment in Philippine Currency, February 27, 1947, Section 3(c), Article III, of the Agreement		<u>22,499,902.42</u>
Total		<u>₱30,000,000.00</u>

As shown in the Balance Sheet of the International Monetary Fund as of July 31, 1949, the investment of ₱30,000,000.00 (\$15,000,000.00) represents .1864% of the total authorized subscriptions of members (per established quotas) of \$8,046,500,000.00.

The Central Bank of the Philippines, pursuant to Section 2(a), Article XIII, of the Articles of Agreement of the International Monetary Fund, has been designated depository of the holdings of the said Fund in Philippine pesos (See comment on "Liabilities"). As fiscal agent of the Government, "the Central Bank of the Philippines shall represent the Government of the Philippines in all dealings, negotiations and transactions with the International Monetary Fund and shall carry such accounts as may result from Philippine membership in, or operations with, said Fund," (Section 116, Republic Act No. 265). In accordance with this provision, the Governor of the Central Bank, as member of the Board of Governors of the International Monetary Fund, attended the 4th Joint Annual Meeting of the Fund from September 11 to 18, 1949, in Washington, D.C.

¹ Section 135, Republic Act No. 265

The Central Bank had not had exchange transactions with the International Monetary Fund during fiscal year 1949, except the transfer in April, 1949, to the former from the Philippine National Bank¹, of the peso holdings of the Fund.

9. DOMESTIC SECURITIES — ₱92,197,030.80

These securities include: (a) investments, pursuant to Section 97 (b), Republic Act. No. 265, of ₱44,000,000.00 in Rehabilitation Finance Corporation Bonds, and (b) advances of ₱48,197,030.80 made under the provisions of Section 137, Republic Act 265, and of Republic Act No. 266, which authorizes the Central Bank, until June 30, 1951, to make direct advances to the Government, not exceeding ₱200,000,000.00, "when, in the opinion of the Monetary Board, the international reserve is adequate to meet all foreseeable demands upon it and when such advances are consistent with the achievement of the Board's objective of domestic monetary stability."

The advances were, pursuant to requirements of the above-mentioned provisions of law, made against equivalent amount of negotiable Government securities, bearing interest at 4%, and having maturities of five years.

On December 31, 1949, the advances authorized, released, and unreleased, including investment in RFC bonds, are summarized below:

	<u>Authorized</u>	<u>Released</u>	<u>Unreleased</u>
a. <i>National Development Company</i>			
1. Ocean-going Vessels ...	₱14,176,000.00	₱4,692,000.00	₱9,484,000.00
The releases under this item consist of five payments to the SCAP under a contract for the construction of three ocean-going vessels in Japan for the National Development Company.			
2. Textile Project	2,538,750.00	900,000.00	1,638,750.00
The amount of ₱900,000.00 was released for setting up of a spinning plant in connection with the erection of textile mills in Narvacan, Ilocos Sur.			
3. Rice and Corn Production Administration . . .	₱14,190,000.00 ²	₱8,790,000.00	₱5,400,000.00

¹ Former depository.

² ₱1,000,000.00 of this amount was released to the Department of Agriculture and Natural Resources as working capital for the purchase and sale of fertilizers, Board Resolution No. 6, Series of 1950.

Various releases were made on the above item for clearing and development of rice and corn lands in Ala Valley, Cotabato, and Bukidnon, Mindanao, and in Palawan.

4. National Shipyard and Graving Dock	16,000,000.00	515,230.00	15,484,770.00
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First release for the establishment of shipyard and graving dock at Mariveles, Bataan.

5. Subscriptions to Shares of Stock	1,875,000.00	1,875,000.00	————
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Of the above amount, ₱375,000.00 was advanced to the National Development Company to pay the balance of its subscription to the capital stock of the Philippine Electrical Manufacturing Company; the amount of ₱1,500,000.00 was loaned to the National Development Company for investment in additional stock of the Philippine Air Lines, Inc.

6. Reimbursement for Advances Made by the National Development Company	2,500,000.00	2,500,000.00	————
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To cover advances made by the National Development Company on the following projects:

- (a) Rice and Corn Production
- (b) Pulp and Paper Mill
- (c) Nail Plant
- (d) Engineer Island Shops
- (e) Malangas Coal Mines

7. Steel Mill Project	4,500,000.00	40,000.00	4,460,000.00
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First release for the establishment of Steel Mill.

8. Paper and Bag Making Project	P 891,050.00	P 891,050.00	_____
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This was released for the Kraft paper and bag making project.

Total for National Development Company .	<u>P56,670,800.00</u>	<u>P 20,203,280.00</u>	<u>P 36,467,520.00</u>
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b. *National Power Corporation*

1. Lumot Diversion Project	P 5,000,000.00 ¹	P 1,000,000.00	P 4,000,000.00
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Amount of P1 million was released for the construction of power plant.

c. *Bureau of Public Works*

1. Irrigation Project	11,000,000.00	11,000,000.00	_____
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Released for the irrigation projects of the Government.

d. *National Abaca and Other Fibers Corporation*

1. Davao Project	2,634,953.82	1,843,170.80	791,783.02
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Advanced for the development of 2,500 hectares of abaca lands in Davao.

e. *Rehabilitation Finance Corporation*

1. Advances to RFC	30,000,000.00	20,000,000.00	10,000,000.00
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This item was earmarked for the rehabilitation and development projects of the Government.

Totals	<u>P105,305,753.82</u>	<u>P 54,046,450.80</u>	<u>P 51,259,303.02</u>
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Less: Sales of Interim Bonds—
During the year 1949, interim bonds covering advances were sold as follows:

¹ As approved by the President of the Republic of the Philippines.

Interim Bonds Nos. 1, 3, 4, 5, 6, 7, and 8 to the Philip- pine Bank of Commerce . .	P 3,955,620.00	
Interim Bonds Nos. 10, 11, and 13 to the Philippine Trust Company	943,800.00	
Interim Bonds Nos. 14, 16, and 20 to the China Bank- ing Corporation	950,000.00	5,849,420.00
Balance—Domestic Securities	P 48,197,030.80	
Purchase of Interim RFC Rehabilitation Bonds . .	44,000,000.00	
Total Domestic Securities	P 92,197,030.80	

Out of the total of P92,197,030.80, interim bonds corresponding to P3,133,170.80 have not yet been received by the Central Bank as of December 31, 1949.

The interim RFC Rehabilitation Bonds of P44,000,000.00 were purchased from the Philippine National Bank on December 9, 1949, as authorized under the provisions of Section 97 (b) of Republic Act No. 265. These bonds mature in ten years after date of issue, but are redeemable on demand at the option of the holder 60 days after date of issue. The bonds were authorized and issued under the provisions of Section 2 (f) of Republic Act No. 85.

In accordance with policy, the advances made covered projects favorably endorsed by the National Economic Council and approved by the President of the Philippines. The interim bonds received from the Government on this account were duly issued by the Treasurer of the Philippines and bear the approval also of the President of the Philippines.

10. LOANS AND ADVANCES — P77,046,838.83

This item represents advances extended to the Philippine National Bank of P40,000,000.00, and to the Treasury of the Philippines of P37,046,838.83.

The overdraft of P37,046,838.83, in the Demand Deposit account of the Treasurer of the Philippines with the Central Bank, is covered by the provisional advance authorized in the maximum amount of P44,000,000 under the provisions of Section 95 of Republic Act No. 265 (Resolution No. 150 of the Monetary Board, dated July 21, 1949), as applied for by the National Government. This provisional advance to the Government bears interest at the rate of 2% per annum, and is payable "before the end of the first quarter following the end of the fiscal year¹ of the Government." It does not "exceed fifteen percent of the average annual income of the borrower for the last three preceding years."

¹ June 30, 1950.

The status of the Demand Deposit account of the Treasurer of the Philippines with the Central Bank at the close of each month during the year 1949 is stated hereunder:

<i>Date</i>	<i>Credit Balance</i>
January 31, 1949	P 728,500.63
February 28, 1949	5,150,503.62
March 31, 1949	9,626,941.92
April 30, 1949	10,135,065.79
May 31, 1949	17,757,785.72
June 30, 1949	(7,626,195.13) ¹
July 30, 1949	4,485,494.10
August 31, 1949	(12,568,921.72) ¹
September 30, 1949	(40,569,002.39) ¹
October 31, 1949	(40,320,616.84) ¹
November 29, 1949	(43,998,559.46) ¹
December 29, 1949	(37,046,838.83) ¹

11. ACCOUNT TO SECURE THE COINAGE — P113,306,275.85

Pursuant to the provisions of Section 136 of Republic Act No. 265, to wit:

“On the date on which the Central Bank commences business, the total Philippine treasury coin issue, including coins dumped in Manila Bay but not yet salvaged, shall become a liability of the Bank. As a contra item against liability thereby assumed there shall be set up on the books of the Central Bank an asset account equal to the face value of the total Philippine Treasury coin issue. This account shall be called the ‘Account to Secure the Coinage,’”

the Central Bank of the Philippines, on January 3, 1949, set up the “Account to Secure the Coinage”, and assumed liability for the total Philippine treasury coin issue of P113,306,275.85 as of that date, itemized below:

Net Pre-War Issue:

Silver pesos	P19,199,193.00	
Half silver pesos	6,256,791.50	
Subsidiary coins	12,115,746.40	
Minor Coins	<u>4,276,094.95</u>	P 41,847,825.85

Net Issue After Liberation:

Silver pesos		
Half silver pesos	P21,797,500.00	
Subsidiary coins	41,278,400.00	
Minor coins	<u>8,182,550.00</u>	71,258,450.00
MacArthur Commemorative Coins		<u>200,000.00</u>
Total		<u>P113,306,275.85</u>

¹ Overdraft.

Less:

Amounts set aside for —
Capital of the Central
Bank, Section 134 (a),
Republic Act No. 265 ..
Securities Stabilization
Fund, Section 134 (b),
Republic Act No. 265

₱10,000,000.00

2,000,000.00

₱12,000,000.00

36,544,577.51

812,436,525.93

Net Deficiency to be Covered by Government Note, Section 135,

Republic Act No. 265 ₱ 18,740,430.07

The excess of ₱18,740,430.07, or such amount as may be finally determined, of the liability assumed by the Central Bank on account of outstanding treasury certificates, over the net assets of the Treasury Certificate Fund and Exchange Standard Fund received, shall be covered by a "non-interest bearing non-negotiable note without fixed maturity" to be delivered to the Bank by the Secretary of Finance (Section 135, Republic Act No. 265), upon termination of the liquidation of the Exchange Standard Fund.

The Central Bank shall, as soon as practicable, exchange outstanding treasury certificates for its own notes in accordance with the procedure described in Section 59 of Republic Act No. 265. In the exchange, treasury certificates honored by the Bank in excess of the liability of ₱831,176,956.00 originally assumed by it, shall be charged to the deposit of the Republic of the Philippines.

If, at the expiration of the exchange period, however, there should be a balance in the liability account for outstanding Treasury certificates, which shall be demonetized and cease to be a liability of the Central Bank, that balance "shall be applied, first, to reduce the face value of the note x x x; and, second, to reduce the Account to Secure the Coinage referred to in Section 136 of Republic Act No. 265.

15. ACCRUED INTEREST RECEIVABLE — ₱513,343.08.

Uncollected interest earned until the close of the year, on loans granted, domestic securities, and RFC bonds held, are itemized hereunder:

Loans	₱137,013.71
Domestic Securities	157,223.69
Bonds	<u>219,105.68</u>
Total	<u>₱513,343.08</u>

16. MINT MATERIALS — ₱145,168.25.

The mint materials carried in the books of the Bank consist of the following:

Mint Materials — U. S. Mint, Denver, Colorado	P115,453.53
Mint Materials (18 bars silver bullion at P1,422 per ounce) recovered from the In- tendencia Building	29,703.72
Supplies and materials recovered during Enemy Occupation (at nominal value)	11.00
Total	<u>P145,168.25</u>

The deposit of unused mint materials (silver) in the U. S. Mint at Denver, Colorado, of P115,453.53, has been confirmed thru the Fiscal Agency of the Bank in New York.

The mint supplies and materials, booked in nominal amount of P11.00, are worth about P163,965.58, based on current wholesale market prices of tin, zinc, and graphite. Physical inventory was taken of all mint materials in Manila vaults.

B. Liabilities

The liabilities of the Bank consist of:

	<i>December 31, 1949</i>	<i>January 3, 1949</i>	<i>+ Increase — Decrease</i>
Currency Issue	P629,959,669.13	P891,684,640.46	— P261,724,971.33
Demand Deposits	117,682,180.47	—	+ 117,682,180.47
International Monetary Fund .	22,497,920.62	—	+ 22,497,920.62
International Bank for Recon- struction and Development .	2,389,196.53	—	+ 2,389,196.53
Securities Stabilization Fund ..	2,000,000.00	2,000,000.00	—
Other Liabilities	2,115,310.53 ¹	1,464,288.36	+ 651,022.17
Total	<u>P776,644,277.28</u>	<u>P895,148,928.82</u>	<u>— P118,504,651.54</u>

1. CURRENCY ISSUE — P629,959,669.13

In accordance with the provisions of Sections 135 and 136 of Republic Act No. 265, the Central Bank assumed, on January 3, 1949, a total liability of P891,684,640.46 for all outstanding treasury certificates and treasury coins, including coins dumped in Manila Bay but not yet salvaged, computed as follows:

Treasury Certificates Issued	P831,176,956.00
Treasury Coins Issued	<u>113,306,275.85</u> P944,483,231.85

Deduct:

In Manila Vault — Treasury

Certificates P12,666,614.00 |

Treasury Coins 39,311,372.67 51,977,986.67 |

¹ As adjusted in audit.

Currency shipped to Provincial Treasurer:

April 5, 1949—Province of Zamboanga P	50,000.00	
May 14, 1949—Province of Samar ...	50,000.00	100,000.00
Total		<u>P422,346,632.55</u>

The receipt for deposit of P22,495,902.42 in Philippine peso holdings of the International Monetary Fund, which were formerly with the Philippine National Bank, decreased currency circulation by that sum.

Before the transfer of funds from the Manila Clearing House Association on January 10, 1949, local banks paid in cash for their purchases of sight drafts and telegraphic transfers from the Central Bank. Proceeds in cash from dollar exchange sold, which decreased the currency issue, amounted to P3,419,239.22.

Gross value of mutilated treasury certificates received by the Central Bank for redemption and exchange during 1949 was P1,027,552.16. Of this amount, P591,640.97 were exchanged in cash; redemption of P435,911.19 in checks reduced currency circulation by same amount.

Decrease of circulation on account of the value of MacArthur coins transferred to the Central Bank and proceeds from sales of said coins during the year amounted to P153,710.25; receipts from miscellaneous income of the Bank amounted to P796.03; and from Teller's Overage, P70.00.

Disbursements of cash on encashment of checks that increased currency circulation amounted to P25,148.33 during 1949; while official cash advances to officers and employees aggregated P7,712.04. Increase in currency circulation on account of expenditures of the Bank paid in cash was P1,158,832.01; and cash payment for the account of the International Bank for Reconstruction and Development was P500.00.

4. DEMAND DEPOSITS — P117,682,180.47

The demand deposits held by the Central Bank constituting largely the legal reserves of banks amounted to P117,682,180.47.¹

The required reserves were determined in accordance with the rates prescribed by the Monetary Board, pursuant to the provisions of Section 101 of Republic Act No. 265, as follows:

For Peso Demand Deposits	18%
For Peso Savings and Time Deposits	5%
For Deposit Liabilities in Foreign Currencies	10%

All balances of Demand Deposits of local banks with the Central Bank as of December 31, 1949, have been confirmed.

¹ Add deposit of Postmaster, Manila, P47,896.50, to reconcile with P117,682,180.47.

5. INTERNATIONAL MONETARY FUND — ₱22,497,920.62

This is a liability of the Central Bank of the Philippines for holdings of the International Monetary Fund in Philippine pesos, which are on deposit with the Bank, pursuant to Section 2(a) of Article XIII, of the Fund Agreement.

The deposit is maintained in two accounts (in Philippine pesos), designated as "International Monetary Fund Account No. 1", for transactions of the Fund, and "International Monetary Fund Account No. 2", which will be used for expenses that may be incurred on behalf of the Fund, and for drawings which the Fund may make or authorize from time to time by draft or otherwise for its own purposes.

At the close of fiscal year 1949, the balances of Fund Account No. 1, and of Fund Account No. 2 were ₱22,495,902.42 and ₱2,018.20, respectively.

6. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT — ₱2,389,196.53

This is the balance of the deposit in the Central Bank of the Philippines of peso holdings of the International Bank for Reconstruction and Development. The Central Bank was designated depository of said Bank, pursuant to Section 11(a), Article V, of the Agreement on the International Bank for Reconstruction and Development.

The Republic of the Philippines is a member of the International Bank for Reconstruction and Development pursuant to the provisions of Commonwealth Act No. 699 (known as the Bretton Woods Agreements Act), approved on November 20, 1945. The Government subscribed to 150 shares with a par value of \$15,000,000.00 (₱30,000,000.00), of which the sum of ₱6,000,000.00 was paid in accordance with the provisions of Section 8(b) of said Act, as follows:

Payment made at the time the Agreement was signed (In dollars)	\$ 1,500.00	
Payment in dollars (August 24, 1946)	298,500.00	
	<u>\$ 300,000.00</u>	<u>₱ 600,000.00</u>
Payment in Philippine currency (November 22, 1946)		2,400,000.00 ¹
Payment in non-negotiable, non-interest bearing demand notes:		
Made on February 25, 1947	₱1,500,000.00	
Made on May 26, 1947	<u>1,500,000.00</u>	<u>3,000,000.00</u>
Total		<u>₱6,000,000.00</u>

¹ This was the original amount of peso holdings.

The Central Bank is authorized to represent the Government in dealings, negotiations or transactions with the International Bank for Reconstruction and Development as well as with other foreign or international financial institutions or agencies, in accordance with the provisions of Section 117 of Republic Act No. 265.

7. SECURITIES STABILIZATION FUND — ₱2,000,000.00

As authorized in Sections 126 (a), and 134, of Republic Act No. 265, the sum of ₱2,000,000.00 was set aside and appropriated out of the available assets of the Exchange Standard Fund, and transferred to the Securities Stabilization Fund, established or created under Section 125 of Republic Act No. 265, quoted below:

“There shall be established a ‘Securities Stabilization Fund’ which shall be administered by the Central Bank for the account of the Government.

“The operations of the Securities Stabilization Fund shall consist of purchases and sales, in the open market, of bonds and other evidences of indebtedness issued or fully guaranteed by the Government of the Philippines. The purpose of these operations shall be to increase the liquidity and stabilize the value of said securities in order thereby to promote private investment in Government obligations.

“The Monetary Board shall use the resources of the Fund to prevent, or moderate, sharp fluctuations in the quotations of said Government obligations, but shall not endeavor to alter movements of the market resulting from basic changes in the pattern or level of interest rates.

“The Monetary Board shall issue such regulations as may be necessary to implement the provisions of this section.”

This Fund shall retain any net profits which it may make, or bear any net losses which it may incur in its operations.

Part of the annual net profits of the Central Bank may be allocated to the Fund, in accordance with the provisions of Section 41 of Republic Act No. 265. Likewise, profits arising from recoinage or from reductions in the currency issue, may also accrue to the Fund under the conditions specified in Section 45 of said Act.

8. OTHER LIABILITIES — ₱2,115,310.53

On December 31, 1949, the other liabilities of the Bank amounted to ₱2,115,310.53, detailed as follows:

	<i>December 31</i> <i>1949</i>	<i>January 3,</i> <i>1949</i>	<i>+ Increase</i> <i>— Decrease</i>
Accounts Payable	₱ 681,395.27	₱ 828,419.06	—₱147,023.79
Expense Checks Outstanding ..	146,222.23	—	+ 146,222.23
Warrants Payable (E.S.F.) ...	1,930.38	1,930.38	—

Trust Deposits	150,000.00	-----	+ 150,000.00
Undistributed Deposits (E.S.F.)	261,558.30	633,938.92	— 372,380.62
Suspense Account	874,204.35	-----	+ 874,204.35
Total	<u>P2,115,310.53</u>	<u>P1,464,288.36</u>	<u>+ P651,022.17</u>

C. Capital and Profit

1. CAPITAL — P10,000,000.00

The initial capital, entirely government-owned, of P10,000,000.00 of the Central Bank, which was authorized under Sections 1 and 134 of Republic Act No. 265, was drawn from the resources of the Exchange Standard Fund.

2. UNDIVIDED PROFITS — P6,464,183.34¹

This represents the net profit of the Central Bank during fiscal year 1949. For detailed information, refer to comments on Results of Operation.

D. Contingent Accounts

1. BONDS HELD BY BANKS AS PART OF THE RESERVES—P19,809,400.00

These bonds form part of the reserves required to be maintained against deposit liabilities, in accordance with the provisions of Section 100 of Republic Act No. 265. They include the following:

R.F.C. Rehabilitation Bonds	
(Interim Certificates)	P 8,000,000.00
P. I. Government Bonds	11,809,400.00
Total	<u>P19,809,400.00</u>

The above named securities are fully guaranteed by the Government.

2. BONDS HELD TO SECURE TRUST FUNDS — P763,750.00

These are bonds deposited, under Section 65, Republic Act No. 337, quoted below, by various banks and held by the Central Bank to guarantee the faithful performance by the former of their trust duties:

“As security for the faithful performance of its trust duties, every trust company, before transacting trust business, shall carry on deposit with the Central Bank of the Philippines, cash or securities approved by the Monetary Board in an amount equal to net less than two hundred and fifty thousand pesos: x x x x”

3. BILLS ON HAND FOR COLLECTION — P1,838.50

These are treasury certificates of the pre-war series received from various parties, still unpaid on December 31, 1949.

¹ P4,848,137.51 of this amount was transferred to the Securities Stabilization Fund, pursuant to Resolution No. 64 of the Monetary Board, dated February 27, 1950.

**DEDUCT: DISBURSEMENTS FROM
NOVEMBER 1, 1948 TO
SEPTEMBER 30, 1949:**

For National bureaus and offices	₱15,215,461.52	
For provinces, cities and municipalities ..	5,121.60	
Exchanges remitted to U. S. Treasury for credit of the Exchange Standard Fund, Treasurer of the Philippines .	104,692.86	
Exchange Refunds	1,429.92	
Collections remitted to the U. S. Treasury to the credit of the Treasurer of the Philippines	231,732.80	
Collections remitted to the U. S. Treasury to the credit of the Central Bank of the Philippines	280,935.16	
Remittances to the Philippine Purchasing Agency	69,153.30	15,908,527.16
Cash Balance, September 30, 1949		<u>₱ 9,033,948.74¹</u>

Total charges to accounts receivable during the period, including the initial balance of May 31, 1949,² amounted to ₱21,353,422.16, arrived at to wit:

Balance on May 31, 1949, as transferred from	
Department of Foreign Affairs	₱ 6,267,549.28
Disbursements by Philippine National Bank, New York Agency, for the account of various Government entities	15,055,872.88
Disbursements by the Central Bank for the account of the Department of Foreign Affairs	30,000.00
Total	<u>₱21,353,422.16</u>

Of the above total, the Central Bank collected ₱4,151,336.66, leaving a balance of ₱17,202,085.50 on December 31, 1949:

Accounts Receivable, National bureaus and offices	₱17,185,877.65
Accounts Receivable, provinces, cities, and municipalities	16,207.85
Total	<u>₱17,202,085.50</u>

The collection of ₱4,151,336.66 was disposed of by the Central Bank as follows:

¹ Reflected in books of Central Bank, as of December 31, 1949.

² Transactions up to October 31, 1948.

Amount credited to the Demand Deposit of the Treasurer of the Philippines	P 4,121,336.66
Funds used to cover the following remittances:	
December 6, 1949, Philippine Legation, Bangkok, Thai- land	P20,000.00
December 10, 1949, Philip- pine Consulate, Karachi, Pakistan	10,000.00
	30,000.00
Total	<u>P 4,151,336.66</u>

The balances of trust assets, liabilities, and due to trust of the General Purpose Fund and the Fiscal Agency Fund on December 31, 1949, are represented below:

<u>Trust Assets</u>	<u>General Purpose Fund</u>	<u>Fiscal Agency Fund</u>	<u>Total</u>
Cash, Collecting Officer, PNB, New York Agency	P ———	P 23.82	P 23.82
Cash, Disbursing Officer, PNB, New York Agency	2,020,764.32	9,033,924.92	11,054,689.24
Cash, Depositories, PNB, New York Agency	774,536.24	———	774,536.24
Cash, Depositories, Riggs Na- tional Bank	234,168.26	———	234,168.26
Cash Advance, PNB, New York Agency	(131,400.64)	———	(131,400.64)
Cash Advance, Jesus P. Escaño 200.00	200.00	———	200.00
Accounts Receivable — Nation- al bureaus and offices	4,298,410.67	17,185,877.65	21,484,288.32
Accounts Receivable — Prov- inces, cities and municipalities	———	16,207.85	16,207.85
Accounts Receivable — Miscel- laneous	333.59	———	333.59
Total	<u>P7,197,012.44</u>	<u>P26,236,034.24</u>	<u>P33,433,046.68</u>

Trust Liabilities

Accounts Payable:

National bureaus and offices .	P 18,065.40	P 23.82	P 18,089.22
Exchange Standard Fund ...	23,147.46	76,005.00	99,152.46
Philippine Purchasing Agency	———	6,466.24	6,466.24
Miscellaneous	2,795.24	———	2,795.24
Undistributed Collections	4,165.84	———	4,165.84
Due to Trust — Republic of the Philippines	7,148,838.50	26,153,539.18	33,302,377.68
Total	<u>P7,197,012.44</u>	<u>P26,236,034.24</u>	<u>P33,433,046.68</u>

The Philippine National Bank, New York Agency, as Agent of the Central Bank of the Philippines in the United States, has continued to perform fiscal agency functions devolving upon the latter, pursuant to Section 115 of Republic Act No. 265.

E. Results Of Operation

The Central Bank realized a gross income of ₱8,409,630.75 in fiscal year ended December 31, 1949, and incurred expenses of ₱1,945,447.41. Net income for the year was ₱6,464,183.34.

F. Clearing Operations

As directed in Sec. 107 of Republic Act No. 265, the Central Bank provided facilities for interbank clearing and settlements, and took over the functions of the former Manila Clearing House Association. The first clearing operation was held on January 10, 1949, after the various local banks had deposited their deposit reserves with the Central Bank, to serve as basis for the clearing of checks and the settlement of interbank transactions. The rules and regulations governing clearing operations are contained in Circular No. 9, issued on February 17, 1949.

The total volume of exchanges cleared by local banks through the Central Bank, during the period from January 10 to December 29, 1949 is as follows:

<u>TOTAL DEBIT</u>	<u>TOTAL CREDIT</u>
<u>₱5,333,474,008.58</u>	<u>₱5,333,474,008.58</u>

The monthly volume of clearing transactions, together with the number of checks cleared and corresponding value thereof, are shown below:

<u>1949 Month</u>	<u>Total Number of Checks Cleared Monthly</u>	<u>Total Value of Checks Cleared Monthly</u>
January	206,306	₱398,073,945.30
February	244,391	370,857,092.33
March	282,859	477,638,094.90
April	247,995	433,657,643.32
May	271,317	464,740,530.61
June	261,726	586,880,576.38
July	263,033	403,170,447.09
August	275,736	443,868,494.13
September	271,794	482,639,999.21
October	281,396	422,195,459.64
November	272,172	405,036,568.28
December	302,474	444,715,157.39
Total	<u>3,181,199</u>	<u>₱5,333,474,008.58</u>

G. Currency Accountability

When the Central Bank, upon commencement of operations on January 3, 1949, assumed, pursuant to Section 52 of Republic Act No. 265, "the sole right and authority to issue currency within the territory of the Philippines", it also assumed, as provided in Sections 135 and 136 of the same Act, "the liability of the Treasury Certificate Fund for all outstanding treasury certificates" and the liability on the "total Philippine treasury coin issue, including coins dumped in Manila Bay but not yet salvaged." A summary of these liabilities is presented below:

Amounts Issued

<i>Denomination Treasury Certificates:</i>	<i>Pre-War</i>	<i>Since Liberation</i>	<i>Total</i>
P500	1	P160,952,500.00	P160,952,500.00
100	"	125,901,550.00	125,901,550.00
50	"	135,989,625.00	135,989,625.00
20	"	234,088,900.00	234,088,900.00
10	"	82,712,795.00	82,712,795.00
5	"	37,357,532.50	37,357,532.50
2	"	20,917,451.00	20,917,451.00
1	"	22,652,559.50	22,652,559.50
Various	P10,604,043.00		10,604,043.00
	<u>P10,604,043.00</u>	<u>P820,572,913.00</u>	<u>P831,176,956.00</u>

Treasury Coins:

P1.00	P19,199,193.00		P 19,199,193.00
.50	6,256,791.50	P 21,797,500.00	28,054,291.50
.20	7,026,264.60	23,760,000.00	30,786,264.60
.10	5,089,481.80	17,518,400.00	22,607,881.80
.05	1,984,812.45	6,817,700.00	8,802,512.45
.01	2,239,622.86	1,364,850.00	3,604,472.86
.005	51,659.64		51,659.64
MacArthur Commemorative Coins		200,000.00	200,000.00
	<u>P41,847,825.85</u>	<u>P 71,458,450.00</u>	<u>P113,306,275.85</u>
Total	<u>P52,451,868.85</u>	<u>P892,031,363.00</u>	<u>P944,483,231.85</u>

The treasury certificates, P10,604,043.00, of pre-war issue consist of those which have not until December 31, 1948, been presented to the Treasury of the Philippines and/or other designated agents for exchange with treasury certificates of the Victory Series, as required in Republic Act No. 199, approved on March 29, 1948. Although the said treasury certificates ceased since December 31, 1948, to be legal tender for the purposes of Section 1612 of the Revised Administra-

¹ Exact detailed data, not available.

tive Code (Section 5, Republic Act No. 199), they are nevertheless, still obligations of the Central Bank according to the ruling of the Secretary of Justice of December 15, 1949.

The prewar issues of treasury coins of ₱41,847,825.85 are of two series tabulated hereunder:

<i>Denomination</i>	<i>First Issue</i>	<i>Second Issue</i>	<i>Total</i>
₱1.00	₱1,462,547.00	₱17,736,646.00	₱19,199,193.00
.50	147,005.50	6,109,786.00	6,256,791.50
.20	249,675.00	6,776,589.60	7,026,264.60
.10	232,423.00	4,857,058.80	5,089,481.80
.05	—	1,984,812.45	1,984,812.45
.01	—	2,239,622.86	2,239,622.86
.005	—	51,659.64	51,659.64
Total	<u>₱2,091,650.50</u>	<u>₱39,756,175.35</u>	<u>₱41,847,825.85</u>

The first issue was the silver coinage under an Act of the United States Congress of March 2, 1903, entitled "An Act to Establish a Standard of Value and to Provide for a Coinage System in the Philippine Islands," with silver content of weight and fineness, to wit:

<i>Denomination</i>	<i>Weight and Fineness</i>		<i>Fine Silver Content</i>
1-peso	416	grains — .900	374.4 grains
50-centavo piece	208	" — .900	187.2 "
20-centavo piece	83.10	" — .900	74.79 "
10-centavo piece	41.55	" — .900	37.395 "

A reduction of the silver content of the treasury coins was effected pursuant to Act No. 1564, enacted on December 6, 1906, "for the purpose of preventing the melting and exportation of the silver coins of the Philippine Islands as a result of the high price of silver" at the time. Since then the weight and fineness of the treasury silver coins, i.e., the second prewar issue and the third issue since liberation, are as follows:

<i>Denomination</i>	<i>Weight and Fineness</i>		<i>Fine Silver Content</i>
1-peso	20	grams — .800	16 grams
50-centavo piece	10	grams — .750	7.5 "
20-centavo piece	4	grams — .750	3 "
10-centavo piece	2	grams — .750	1.5 "

Pending the printing of Central Bank notes (Section 56, Republic Act No. 265), the Bank made use of the stock of unissued treasury certificates received from the former Reserve Vault Committee,¹ as follows:

¹ Section 1625 (c), Revised Administrative Code.

<u>Denominator</u>	<u>In originally packed¹ boxes</u>	<u>Boxes as received from Treasurer of the Philippines</u>	<u>Total</u>
P500	P65,000,000.00	P10,052,500.00	P75,052,500.00
100	22,300,000.00	100,000.00	22,400,000.00
50	25,920,000.00	15,185,000.00	41,105,000.00
20	24,480,000.00	28,856,600.00	53,336,600.00
10	34,620,000.00	44,801,000.00	79,421,000.00
5	37,980,000.00	10,000,000.00	47,980,000.00
2	1,536,000.00	396,000.00	1,932,000.00
1	32,520,000.00	257,000.00	32,777,000.00
Total	<u>P244,356,000.00</u>	<u>P109,648,100.00</u>	<u>P354,004,100.00</u>

In a resolution of the Monetary Board adopted on March 17, 1949, the Board approved "that all notes put into circulation by the Central Bank, whether from the unissued stock or from notes deposited with the Bank, should be overprinted with the words 'Central Bank of the Philippines' on the back of each note."

The movements during the year 1949 in the currency issue accounts of the Central Bank, including the receipts and releases of unissued treasury certificates and Central Bank notes, are outlined in the following tables:

TABLE I: *Treasury Certificates Issued*—This table presents a summary of: the total liability assumed by the Central Bank on January 3, 1949, on account of outstanding treasury certificates; the deductions from said liability for treasury certificates overprinted "Central Bank of the Philippines", for treasury certificates withdrawn from circulation and returned to unissued stock, and for treasury certificates mutilated, retired, and burned during the year; the additions to said liability for treasury certificates released from the unissued stock; and finally, the treasury certificates outstanding on December 31, 1949.

TABLE II: *Treasury Certificates Overprinted "Central Bank of the Philippines"*—Included in this statement are treasury certificates earmarked after overprinting "Central Bank of the Philippines", including those mutilated, retired and burned during the year, and the balance or outstanding issue of treasury certificates overprinted "Central Bank of the Philippines" on December 31, 1949.

TABLE III: *Central Bank Notes*—The Central Bank notes ordered² printed by the Bank, pursuant to Section 56 of Republic Act No. 265; the notes received during the year 1949 and issued also during the same year; as well as the bank notes in process of printing and not yet received as of December 31, 1949, are presented in this table.

¹ At Bureau of Engraving and Printing, Washington, D.C.

² After public bidding on April 28, 1949, in which the following internationally well-known and reputable engraving and printing companies participated: Tomas De La Rue & Company, Ltd., Security Banknote Company, Waterlow & Sons, Limited, American Bank Note Company, and Jeffries Banknote Company; award of contract was made to Thomas De La Rue & Company, Limited of London, England, lowest bidder.

TABLE IV: *Treasury Certificates Unissued*—This table give a summary of treasury certificates (unissued) received by the Central Bank from the former Reserve Vault Committee of the Treasury of the Philippines; the issued or releases of treasury certificates from the unissued stock during the year 1949; the receipts of treasury certificates retired from circulation and returned to unissued stock; and the balance on December 31, 1949, of treasury certificates unissued under the custody of the Currency Stock Committee of the Central Bank, composed of a representative of the Governor, a representative of the Bank Auditor, and the Chief Accountant of the Bank.

CENTRAL BANK OF THE PHILIPPINES
MANILA

Treasury Certificates Issued¹

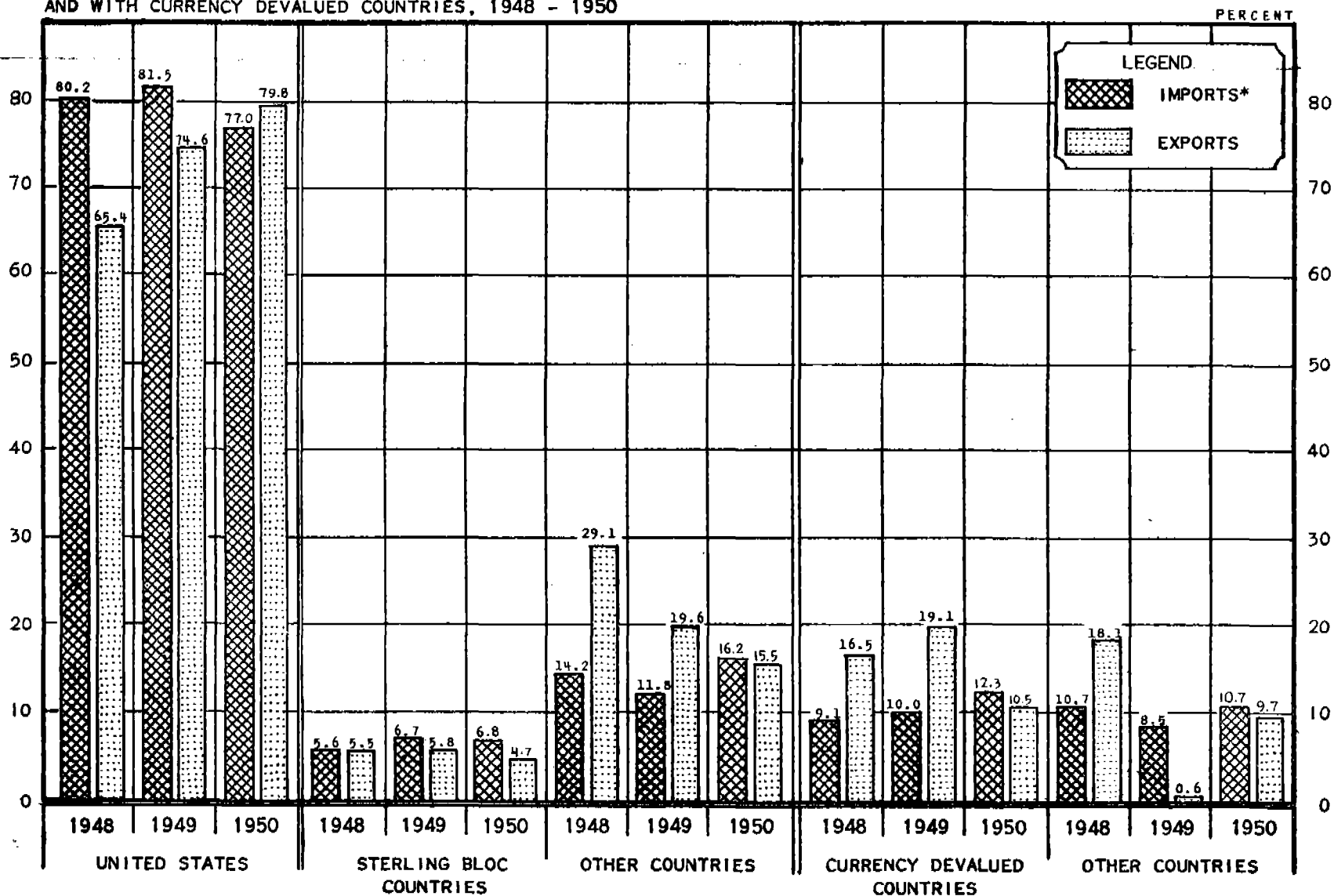
TABLE I

Particulars	Denominations		and		Amounts				Total
	P500's	P100's	P50's	P20's	P10's	P5's	P2's	P1's	
TREASURY CERTIFICATES OUTSTANDING, January 3, 1949	P152,539,750	P128,628,700	P138,316,650	P243,120,320	P 94,026,355	P 37,581,820	P 19,265,265	P 17,698,096	P831,176,956 ¹
DEDUCT:									
Treasury Certificates Over- printed "Central Bank of the Philippines"—									
April	3,000,000	2,100,000	200,000	360,000	340,000	140,000	48,000	24,000	6,212,000
May	7,500,000	200,000	2,100,000	1,440,000	840,000	510,000	304,000	268,000	13,162,000
June	2,000,000	1,200,000	800,000	1,920,000	730,000	525,000	240,000	326,000	7,741,000
July	—	—	—	1,440,000	810,000	600,000	168,000	336,000	3,354,000
August	—	—	—	980,000	1,280,000	485,000	—	431,000	3,176,000
September	—	—	—	—	1,260,000	800,000	—	412,000	2,472,000
October	—	—	—	—	1,080,000	445,000	—	516,000	2,041,000
November	—	—	—	—	520,000	240,000	—	344,000	1,104,000
Total	P 12,500,000	P 3,500,000	P 3,100,000	P 6,140,000	P 6,860,000	P 3,745,000	P 760,000	P 2,657,000	P 39,262,000
Treasury Certificates Returned to Unissued Stock—									
May	P 10,000,000	—	—	P 6,000,000	—	—	—	—	P 16,000,000
June	10,000,000	14,000,000	10,000,000	16,000,000	6,000,000	3,000,000	80,000	—	59,080,000
Total	P 20,000,000	P 14,000,000	P 10,000,000	P 22,000,000	P 6,000,000	P 3,000,000	80,000	—	P 75,080,000
Treasury Certificates Burned—									
April	—	P 100,000	P 1,500,000	P 1,500,000	P 850,000	P 1,295,000	P 230,000	P 315,000	P 5,790,000
May	—	—	2,000,000	3,600,000	5,350,000	1,870,000	1,280,000	1,155,000	15,255,000
June	—	2,000,000	1,000,000	14,100,000	5,090,000	3,230,000	1,470,000	1,965,000	28,855,000
July	50,000	2,500,000	3,300,000	17,040,000	9,090,000	4,945,000	2,881,800	2,522,000	42,328,800
August	50,000	590,000	850,000	7,100,000	3,770,000	2,805,000	686,000	957,000	16,808,000
September	—	—	50,000	40,000	30,000	—	90,000	149,000	359,000
October	—	1,800,000	2,750,000	16,420,000	6,690,000	3,455,000	1,976,000	3,322,000	36,413,000
November	—	400,000	900,000	6,420,000	2,290,000	925,000	438,000	642,000	12,015,000
December	—	1,100,000	2,000,000	12,300,000	4,179,000	1,790,000	752,000	1,196,000	23,317,000
Total	P 100,000	P 8,490,000	P 14,350,000	P 78,520,000	P 37,339,000	P 20,315,000	P 9,803,800	P 12,223,000	P181,140,800
Total Deductions	P 32,600,000	P 25,990,000	P 27,450,000	P106,660,000	P 50,199,000	P 27,060,000	P 10,643,800	P 14,880,000	P295,482,800
ADD:									
Treasury Certificates Issued from Stock—									
May	—	—	—	P 9,600,000	P 2,400,000	P 2,300,000	P 1,200,000	P 480,000	P 16,000,000
June	—	—	—	14,880,000	6,960,000	4,200,000	336,000	720,000	27,096,000
July	52,500	100,000	185,000	456,600	1,801,000	1,300,000	396,000	737,000	5,028,100
August	—	—	—	—	7,200,000	1,200,000	80,000	1,440,000	9,920,000
September	—	—	—	4,400,000	7,200,000	2,400,000	—	1,920,000	15,920,000
October	—	—	—	28,000,000	13,800,000	4,800,000	—	2,760,000	49,360,000
November	—	—	—	8,000,000	2,060,000	2,120,000	—	1,920,000	14,100,000
December	—	—	—	10,000,000	20,000,000	3,600,000	—	3,120,000	36,720,000
Total	P 52,500	P 100,000	P 185,000	P 75,336,600	P 61,421,000	P 21,940,000	P 2,012,000	P 13,097,000	P174,144,100
Net Deductions	P 32,547,500	P 25,890,000	P 27,265,000	P 31,323,400	(11,222,000)	P 5,120,000	P 8,631,800	P 1,783,000	P121,338,700
TREASURY CERTIFICATES OUTSTANDING,									
December 31, 1949	P119,992,250	P102,738,700	P111,051,650	P211,796,920	P105,248,355	P 32,461,820	P 10,633,465	P 15,915,096	P709,838,256

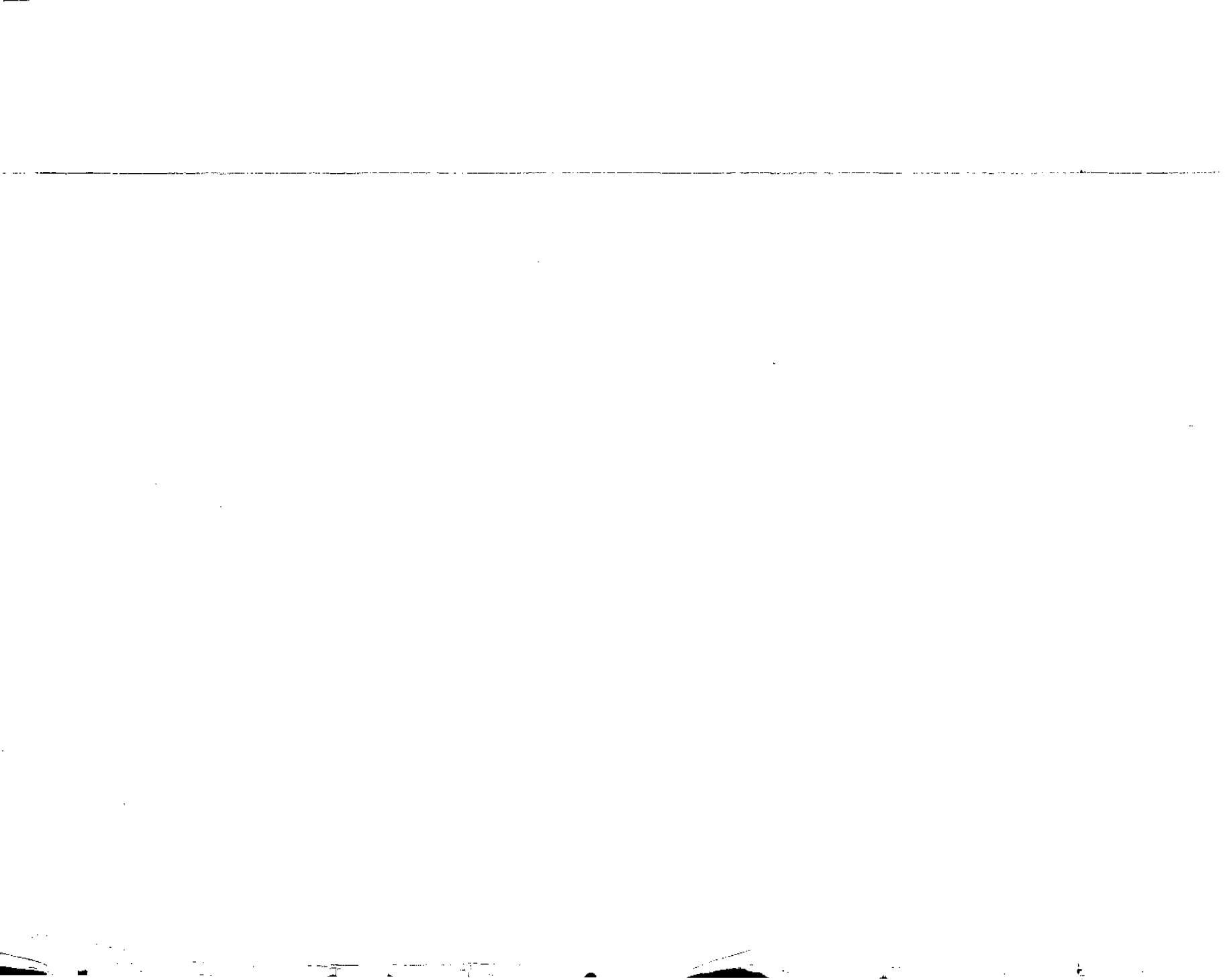
¹ Liability of Treasury Certificate Fund for outstanding treasury certificates assumed by Central Bank, Section 135, Republic Act. No. 265

MERCHANDISE EXPORTS AND IMPORTS

TO AND FROM THE UNITED STATES COMPARED WITH STERLING BLOC
AND WITH CURRENCY DEVALUED COUNTRIES, 1948 - 1950



* 1949 Imports - January to November only.



CENTRAL BANK OF THE PHILIPPINES
MANILA

TABLE II

Treasury Certificates Overprinted "Central Bank of the Philippines"

Particulars	Denomination					Amounts				Total
	P500's	P100's	P50's	P20's	P10's	P5's	P2's	P1's		
Transferred from Treasury Certificates										
Issued (See Table I)	P 12,500,000	P 3,500,000	P 3,100,000	P 6,140,000	P 6,860,000	P 3,745,000	P 760,000	P 2,657,000	P 39,262,000	
Deduct:										
Treasury Certificates Overprinted, Burned—										
August	_____	_____	_____	_____	_____	_____	_____	P 8,000	P 8,000	
October	_____	_____	_____	_____	P 10,000	P 60,000	P 46,000	116,000	232,000	
November	_____	_____	_____	_____	10,000	60,000	26,000	56,000	152,000	
December	_____	_____	_____	P 20,000	71,000	95,000	42,000	134,000	362,000	
Total	_____	_____	_____	P 20,000	P 91,000	P 215,000	P 114,000	P 314,000	P 754,000	
Treasury Certificates Overprinted, Outstanding,										
December 31, 1949	P 12,500,000	P 3,500,000	P 3,100,000	P 6,120,000	P 6,769,000	P 3,530,000	P 646,000	P 2,343,000	P 38,508,000	

¹ Pursuant to Resolution No. 4, adopted by the Monetary Board on March 17, 1949.

CENTRAL BANK OF THE PHILIPPINES
MANILA

TABLE III

Central Bank Notes
AS OF DECEMBER 31, 1949

<i>Denomi- nation</i>	<i>Ordered</i>		<i>Received</i>		<i>Issued</i>		<i>Balance Unissued</i>		<i>Balance Not Yet Received</i>	
	<i>Number of Pieces</i>	<i>Amount</i>	<i>Number of Pieces</i>	<i>Amount</i>	<i>Number of Pieces</i>	<i>Amount</i>	<i>Number of Pieces</i>	<i>Amount</i>	<i>Number of Pieces</i>	<i>Amount</i>
P500	20,000	P 10,000,000	—	—	—	—	—	—	20,000	P 10,000,000
200	50,000	10,000,000	—	—	—	—	—	—	50,000	10,000,000
100	100,000	10,000,000	—	—	—	—	—	—	100,000	10,000,000
50	200,000	10,000,000	—	—	—	—	—	—	200,000	10,000,000
20	500,000	10,000,000	—	—	—	—	—	—	500,000	10,000,000
10	1,000,000	10,000,000	—	—	—	—	—	—	1,000,000	10,000,000
5	4,000,000	20,000,000	—	—	—	—	—	—	4,000,000	20,000,000
2	20,000,000	40,000,000	—	—	—	—	—	—	20,000,000	40,000,000
1	30,000,000	30,000,000	200,000	200,000	200,000	200,000	—	—	29,800,000	29,800,000
	55,870,000	P150,000,000	200,000	P200,000	200,000	P200,000	—	—	55,670,000	P149,800,000

CENTRAL BANK OF THE PHILIPPINES
MANILA

TABLE IV

Treasury Certificates Unissued

<i>Particulars</i>	Denominations				and	Amounts				<i>Total</i>
	<u>P500's</u>	<u>P100's</u>	<u>P50's</u>	<u>P20's</u>		<u>P10's</u>	<u>P5's</u>	<u>P2's</u>	<u>P1's</u>	
Received from Reserve Vault Committees, Treasury of the Philippines	P 75,052,500	P 22,400,000	P 41,105,000	P 53,3336,600		P 79,421,000	P 47,980,000	P 1,932,000	P 32,777,000	P354,004,100
Deduct:										
Issued to First Assistant Cashier and Chief Teller (See Table I)	P 52,500	P 100,000	P 185,000	P 75,336,600		P 61,421,000	P 21,940,000	P 2,012,000	P 13,097,000	P174,144,100
Add:										
Certificates returned to Stock (See Table I)	20,000,000	14,000,000	10,000,000	22,000,000		6,000,000	3,000,000	80,000	—	75,080,000
Net Deductions	(P19,947,500)	(P 13,900,000)	(P 9,815,000)	P 53,336,600		P55,421,000	P 18,940,000	P 1,932,000	P 13,097,000	P 99,064,100
On Hand, December 31, 1949	<u>P 95,000,000</u>	<u>P 36,300,000</u>	<u>P 50,920,000</u>	<u>—</u>		<u>P 24,000,000</u>	<u>P 29,040,000</u>	<u>—</u>	<u>P 19,680,000</u>	<u>P254,940,000</u>

There were no issues, retirements, coinage or recoinage of treasury coins during fiscal year 1949.

On December 31, 1949, the outstanding gross liability of the Central Bank on account of the currency issue; the holdings of the Bank of treasury certificates, Central Bank notes, and treasury coins; and the resulting net liability on account of the currency issue are shown hereunder:

Particulars	Treasury Certificates (1)	Treasury Certificates Overprinted (2)	Central Bank Notes (3)
Outstanding, December 31, 1949 ¹	<u>P709,838,256.00</u>	<u>P 38,508,000.00</u>	<u>P 200,000.00</u>
Deduct: ²			
In Vaults, Central Bank	164,026,675.00	7,012,132.00	29,000.00
With Local Banks and Agencies	21,881,372.00	—	—
With Treasurer of the Philippines (E.S.F.)	21,681.00	—	—
Total Holdings	<u>P185,929,728.00</u>	<u>P 7,012,132.00</u>	<u>P 29,000.00</u>
In Circulation, December 31, 1949	<u>P523,908,528.00</u>	<u>P 31,495,868.00</u>	<u>P 171,000.00</u>

Particulars	Total Columns (1) to (3) (4)	Coins (5)	Total Columns (4) & (5)
Outstanding, December 31, 1949 ¹	<u>P748,546,256.00</u>	<u>P113,306,275.85</u>	<u>P861,852,531.85</u>
Deduct: ²			
In Vaults, Central Bank	171,067,807.00	38,102,179.10	209,169,986.10
With Local Banks and Agencies	21,881,372.00	—	21,881,372.00
With Treasurer of the Philippines (E.S.F.)	21,681.00	.90	21,681.90
With U. S. Mint, San Francisco	—	630,000.00	630,000.00
With PNB, New York Agency	—	2,113.22	2,113.22
MacArthur Coins	—	187,709.50	187,709.50
Total Holdings	<u>P192,970,860.00</u>	<u>P 38,922,002.72</u>	<u>P231,892,862.72</u>
In Circulation, December 31, 1949	<u>P555,575,396.00</u>	<u>P 74,384,273.13</u>	<u>P629,959,669.13</u>

¹ See Tables I, II, III, and Statement of Treasury Coins Issued, from preceding pages.

² See Exhibit C—"Holdings of Notes and Coins."

IX APPENDICES

APPENDIX I

Major Legal and Administrative Measures Adopted by the Government and the Monetary Board During 1949.

Second Congress of the Republic
of the Philippine
Special Session

}

(H. No. 8)

(REPUBLIC ACT NO. 423)

AN ACT TO AMEND SECTIONS ONE, TWO AND SEVEN OF REPUBLIC ACT NUMBERED THREE HUNDRED THIRTY

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section one of Republic Act Numbered three hundred thirty is amended to read as follows:

“SEC. 1. There is hereby created an Import Control Board to be composed of the Secretary of Commerce and Industry, as chairman, and four members one of whom shall be chosen from the different Chambers of Commerce in the Philippines, and another from the laborers or consumers to be appointed by the President with the consent of the Commission on Appointments.”

SECTION 2. Section two of the same act is amended to read as follows:

“SEC. 2. In order to balance the foreign trade, to conserve the international dollar reserves of the country, to promote and to develop domestic industries, the President, upon recommendation of the Import Control Board, shall fix and allocate quotas of the quantity which may be imported within a certain period of time of each kind or class of non-essential and luxury imports.”

SECTION 3. Section seven of the same Act is amended to read as follows:

“SEC. 7. The authority herein granted to the President to regulate the volume of imports by quota or license or permit shall terminate on April thirty, nineteen hundred and fifty.”

SECTION 4. This Act and the rules and regulations promulgated heretofore under Republic Act Numbered Three hundred thirty shall take effect on December thirty-one, nineteen hundred and forty-nine.

APPROVED, January 6, 1950.

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 193

PREScribing RULES AND REGULATIONS TO CARRY INTO EFFECT THE CONTROL AND REGULATION OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS APPROVED FOR IN REPUBLIC ACT NO. 330

By virtue of the powers vested in me under REPUBLIC ACT NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL, AND PENALIZING VIOLATIONS OF THIS ACT." I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1: From and after the date of effectivity of this order, no non-essential or luxury article specifically mentioned in the list referred to in Section 2 hereof shall be imported into the Philippines without an import license duly issued by the import Control Board in accordance with the provisions of this order. Such license shall be signed "By authority of the President: Chairman, Import Control Board."

SECTION 2. The articles included in the accompanying list, marked Appendix "A", duly certified by the Chairman, Import Control Board, by authority of the President, shall be considered luxury or non-essential articles. The Import Control Board, with the authority of the President, may, from time to time and as circumstances warrant, add to, or delete from, the said list.

SECTION 3. The quantity or value of each luxury or non-essential articles that may be imported within the year 1949 shall be fixed by the Import Control Board, by authority of the President, quarterly, semi-annually, or annually at the discretion of the Board in accordance with the schedule of percentage reductions prescribed herein as shown in the accompanying schedule, marked Appendix "B", duly certified by the Chairman, Import Control Board, with the authority of the President.

SECTION 4. 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 percentage herein prescribed in Appendix "B".

SECTION 5. Not more than twenty per cent (20%) of the quota fixed for each article shall be set aside, to be allocated to importers who had no importation during the base period mentioned in the next preceding section but have been registered subsequently as importers of such articles. No new importer shall receive a percentage allocation bigger than one fifth of the percentage allocated as quotas to the old importers. Applications for licenses to import any portion of this twenty per cent (20%) reserved quota must be filed within one month from the date the quota is announced. Any part of this reserved quota not allocated or used shall be available for allocation to the old importers.

SECTION 6. An import license shall remain valid during the quota period in which it was issued. If, for justifiable cause satisfactory to the import Control Board, the shipment does not arrive in the Philippines during the period in which the license was issued, the entry date of the license may be extended by the Board. If the Board finds that the importer has failed or has not taken the proper steps to import the article covered by this license, the Board may cancel the license and reallocate the quantity of merchandise covered by it to the old importers in the same proportion as their quota allocations and according to their ability to fill the orders.

SECTION 7. No person, firm, or establishment may be granted import license unless:

- (a) He is a duly registered importer in the Securities and Exchange Commission or in the Bureau of Commerce;
- (b) He is duly licensed to do business in the Philippines and has paid all lawful taxes and fees due from him; and
- (c) He is registered with the Import Control Board for purposes of the Import Control Law.

SECTION 8. Before an import license may be issued, the applicant shall file, with the Board a written application under oath containing the following information:

- (a) The name and address of the Importer or his duly authorized agent or representative;
- (b) The name and address of the Exporter;
- (c) The port or ports of origin of the articles to be imported;
- (d) The port of destination; and
- (e) The description of the articles to be imported and the quantity and declared value thereof.

SECTION 9. For every application for an import license, a filing fee of P2.00 shall be charged. A license fee of P1.00 shall be charged for each one thousand five hundred pesos of the c.i.f. value of the article covered by an import license issued by the Board, or fraction of the said value amounting to five hundred pesos or more.

SECTION 10. The amount of application and license fees collected in accordance with the preceding section shall constitute a revolving fund to cover expenses of operation of the Board pursuant to the provisions of Section 5 of Executive Order No. 160 series of 1948.

SECTION 11. From and after the date of the effectivity of this Order, every consular invoice issued for the importation of non-essential and luxury articles into the Philippines shall show the Import License number for such importation.

SECTION 12. Articles imported in violation of these rules and regulations shall be subject to forfeiture in accordance with the procedure established under Chapter 39 of the Revised Administrative Code and to the penalties prescribed by Republic Act No. 330, otherwise known as the Import Control Law.

SECTION 13. This order shall take effect on January 1, 1949. All commodities affected by this Order leaving the ports of embarkation after said date shall be subject to this Order.

Done in the City of Manila, this 28th day of December in the year of our Lord, nineteen hundred and forty-eight, and of the Independence of the Philippines, the third.

(SGD.) ELIPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA

Executive Secretary

MALACAÑAN PALACE

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 206

AMENDING SECTION 4 OF EXECUTIVE ORDER NO. 193, DATED DECEMBER 28, 1948, ENTITLED "PRESCRIBING RULES AND REGULATIONS TO CARRY INTO EFFECT THE CONTROL AND REGULATION OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS PROVIDED FOR IN REPUBLIC ACT NO. 330."

SECTION 4 of Executive Order No. 193, dated December 28, 1948, is hereby amended to read as follows:

"SEC. 4. 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."

Done in the City of Manila, this 16th day of March, in the year of our Lord, nineteen hundred and forty-nine, and of the Independence of the Philippines, the third.

(SGD.) ELPIDIO QUIRINO
President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA
Executive Secretary

Republic of the Philippines
IMPORT CONTROL BOARD
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 209

AMENDING EXECUTIVE ORDER NO. 193, DATED DECEMBER 28, 1948

By virtue of the powers vested in me under REPUBLIC NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL, AND PENALIZING VIOLATIONS OF THIS ACT", I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1. Effective May 1, 1949, Appendix "A" of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include in the list of luxury and non-essential articles the following: Under MISCELLANEOUS, 26.9 Onions, from May 1 to June 30; 26.10 Sugar; under PERFUMES & TOILET PREPARATIONS, 3.7 Powders, face (including perfume talc) 3.12 other toilet preparations (including dentifrice).

Sec. 2. Effective May 1, 1949, Appendix "B" Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include or substitute, as the case may be, in the schedule of percentage reduction prescribed therein, the following: Onions, 90%; Sugar 90%; Perfume Talc face power, 50%, Dentifrice, 50%; Matches costing more than ₱2.00 per gross c.i.f. Philippines, 30% Rubber Shoes costing more than ₱4.50 per pair, c.i.f. Philippines, 50%.

Sec. 3. The Import Control Board is hereby authorized to allow an importer to choose as basis for the determination of his quota, either his importation during the Base Period as specified in Appendix "B" of Executive Order 193, dated December 28, 1948, or two-thirds of his importation from July 1, 1947, to December 31, 1948.

Sec. 4. The Import Control Board is hereby authorized to declare goods in dock, on lighter or on board an exporting vessel, on the date of effectivity of the Import Control Law as having left port on that date, and to allow the entry of goods that were already paid for, or in transit to port, prior to the effectivity of the Import Control Law, charging the same against the quotas of the importers and disposing of any excess over such quotas as the board may deem just and reasonable.

Sec. 5. The Import Control Board is hereby authorized to define what articles come under the items listed in Appendix "A" and under the price limits set in Appendix "B" of Executive Order No. 193, dated December 28, 1948.

Sec. 6. The Import Control Board is hereby authorized to issue such supplementary rules and regulations as it may deem necessary to carry out the purposes of Executive Order No. 193, dated December 28, 1948, and its amendments.

Sec. 7. The phrase "ports of embarkation" mentioned in Section 13 of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to read as follows: "ports of embarkation or countries of origin".

Sec. 8. All commodities mentioned in Section 1 hereof leaving ports of embarkation or countries of origin after May 1, 1949, shall be subject to this order.

Sec. 9. Section 5 of Executive Order No. 193, dated December 28, 1948, is hereby amended to read as follows:

"SEC. 5. Not more than twenty per cent (20%) of the quota fixed for each article shall be set aside, to be allocated exclusively to Filipino importers who had no importation during the base period mentioned in the next preceding section but have been registered subsequently as importers of such articles: **Provided,** That alien importers who, after the base period, actually imported and still continue to import any controlled article may apply as new importers. No new importer shall receive percentage allocation bigger than one fifth of the percentage allocated as quotas to the old importers. Applications for licenses to import any portion of this twenty per cent (20%) reserved quota must be filled within one month from the date the quota is announced. Any part of this reserved quota not allocated or used shall be available for allocation to the old importer."

All provisions of this Order, except Sections 1 and 2, shall take effect immediately.

Done in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and forty nine, and of the independence of the Philippines, the third.

(SGD.) ELPIDIO QUIRINO

President of the Philippines

By the President:

TEODORO EVANGELISTA

Executive Secretary

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 231

AMENDING EXECUTIVE ORDER NO. 193, DATED DECEMBER 28, 1948
AND NO. 209, DATED MARCH 30, 1949

By virtue of the powers vested in me by REPUBLIC ACT NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALYZING VIOLATIONS OF THIS ACT", I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1. Effective August 1, 1949, Appendix "A" of Executive Order No. 193, dated December 28, 1948, is hereby amended so as to include in the list of luxury and non-essential articles, the following: NAILS (Common wire and finishing, from sixe 1" to 5" inclusive); CEMENT (Portland); RUBBER (Raw, in the form of crepe sheet, smoked sheet and latex); VEGETABLES (in any form) except potatoes; and PINEAPPLES (canned).

SECTION 2. Effective August 1, 1949, Appendix "B" of Executive Order No. 193 and Section 2 of Executive Order No. 209, are hereby amended so as to include or substitute as the case may be, in the schedule of percentage reductions prescribed therein, the following: NAILS (Common wire and finishing, from size 1" to 5" inclusive), 80%; CEMENT (Portland), 90%; RUBBER (Raw, in the form of crepe sheet, smoked sheet and latex), 90%; VEGETABLES (in any form) except potatoes, 40%; PINEAPPLES (canned), 90%; ONIONS, eliminating the date limit and changing the percentage cut from 90% to 40%; AUTOMOBILES, eliminating the price limit, PERFUMES, changing the percentage cut from 50% to 80% BEER, changing the percentage cut from 40% to 60%, deleting items 11.1 to 11.4 and 17.1 to 17.4 and changing 10.1 to 10.4 to TEXTILES and MANUFACTURES OF COTTON, RAMIE, FLAX, LINEN, WOOL, SILK, RAYON, NYLON AND OTHER SYNTHETIC MATERIALS, 10.1 Fabric (woven knitted or otherwise) — 50% cut on those costing ₱1.20 or more per yard c.i.f. Philippines, irrespective of widths 10.2 READY MADE WEARING APPAREL (outer or inner) — 50% cut, 10.3 HOUSEHOLD ARTICLES — 50% cut, 10.4 Grey cloth (unbleached) sheetings and unbleached drills) — 80% cut, 10.5 WEAVING YARNS — 80% cut, 10.6 OTHER MANUFACTURES, except threads, yarns, twines fishing nets and other articles for industrial purposes — 50% cut; PIANOS, changing the price limit from ₱1,500 to ₱3,000 and increasing the percentage cut from 40% to 70%; RADIO-PHONO-

GRAPH COMBINATIONS, reducing the price limit from ₱250.00 to ₱200.00. RADIOS BATTERY SET, reducing the price limit from ₱200.00 to ₱150.00. RADIOS, ELECTRIC, reducing the price limit from ₱150.000 to ₱100.00; CIGARETTES, increasing the percentage cut from 30% to 50%; TOILET SOAP, changing the percentage cut from 50% to 80%; LEATHER, SKINS AND IMITATIONS (MANUFACTURES OF), increasing the cut from 25% to 40%; RUBBER SHOES, eliminating the price limit of ₱4.50.

SECTION 3. Effective August 1, 1949, Appendix "B" of Executive Order No. 193 and Section 3 of Executive Order No. 209 are hereby amended so as to change the Base Period and use as basis of quota allocations the average yearly importation of an importer during the years 1946, 1947 and 1948.

SECTION 4. Effective with the allocation of the quotas for the second six-months period of 1949, Section 9 of Executive Order No. 193 is hereby amended so as to change a license fee of ₱1.00 for every one thousand pesos c.i.f value of the articles covered by an import license issued by the Board, instead of One Thousand Five Hundred Pesos as heretofore.

Done in the City of Manila, this 28th day of June, in the year of Our Lord, nineteen hundred and forty nine, and of the Independence of the Philippines, the third.

(SGD.) ELIPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA

Executive Secretary

Republic of the Philippines
IMPORT CONTROL BOARD
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 295

REVISING THE RULES AND REGULATIONS ON THE CONTROL OF IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES INTO THE PHILIPPINES AS PROVIDED FOR IN REPUBLIC ACT NO. 330.

By virtue of the powers vested in me by REPUBLIC ACT NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALIZING VIOLATIONS OF THIS ACT," I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

Sec. 1. From and after the date of effectivity of this Order, no article included in the list referred to in Section 3 hereof shall be imported into the Philippines without an import license duly issued by the Import Control Board in accordance with the provisions of this Order. Such license shall be signed "By authority of the President: Chairman, Import Control Board."

Sec. 2. There is hereby created an administrative committee in the office of the Import Control Board, composed of the Executive Officer of the Import Control Board, a representative of the Department of Finance and a representative of the Central Bank of the Philippines. This committee shall administer the rules and regulations promulgated by the Import Control Board and recommend such changes to the Board as from time to time may be found necessary to improve the administration of import controls and to achieve the purposes for which the controls were established.

Sec. 3. The articles included in the accompanying list, marked Appendix A, are hereby declared to be luxury or non-essential articles and to be subject to the provisions of this Order. The quantity or value of such luxury or non-essential article that may be imported beginning with the date of effectivity of this Order shall be established by the Import Control Board in accordance with the percentage reductions shown in the accompanying schedule, marked Appendix B.

Sec. 4. The Import Control Board may, from time to time and as circumstances warrant, make recommendations to the President for additions to or

changes in, or deletions from the list established in Appendix A, and/or increases, decreases, or other alterations in the percentage reductions established in Appendix B.

Sec. 5. The Import Control Board shall allocate the quotas established in accordance with Appendix B only among the importers registered for such article during the year 1948. The Import Control Board shall not permit importers to transfer quotas from one article to another, but may permit the transfer of quotas from one importer to another provided said importers are duly registered with the Import Control Board.

Sec. 6. Notwithstanding the provisions of the preceding section, the Import Control Board shall set aside not more than 20 per cent of the quota established for each article in Appendix B for allocation to Filipino importers who had no importation during the base period 1948, but have been registered subsequently as importers of such articles: Provided, that alien who, after the base period, actually imported and still continue to import any controlled article may apply as new importers of such article. The Import Control Board shall determine the manner of allocating the quotas to new importers.

Sec. 7. An import license shall remain valid during the quota period in which it was issued. If, for justifiable cause satisfactory to the Import Control Board, the shipment does not arrive in the Philippines during the period in which the license was issued, the expiry date of the license may be extended by the Board. If the Board finds that the importer has failed or has not taken the proper steps to import the article covered by the license, the Board may cancel the license.

Sec. 8. No person, firm, or establishment may be granted an import license unless:

(a) He is a duly registered importer in the Securities and Exchange Commission or in the Bureau of Commerce;

(b) He is duly licensed to do business in the Philippines and has paid all lawful taxes and fees due from him; and

(c) He is registered with the Import Control Board for purposes of the Import Control Law.

Sec. 9. Before an import license may be issued, the applicant shall file with the Board a written application under oath containing the following information:

(a) The name and address of the importer or his duly authorized agent or representative;

(b) The name, and address of the exporter;

- (c) The port or ports of origin of the articles to be imported;
- (d) The port of destination; and
- (e) The description of the articles to be imported and the quantity and the declared value thereof.

Sec. 10. For every registration of an importer, a filing fee of ₱2 shall be charged. Upon issuing a quota or a license, the Import Control Board shall collect a fee of ₱10 per ₱1,000 of the c.i.f. value of the article, and ₱1 for every ₱100 of fraction thereof.

Sec. 11. Shipments covered by payments made by the importer prior to the date of effectivity of this order, or by irrevocable letters of credit or authorities to purchase issued prior to said date, and so certified by the issuing bank, shall be permitted to enter the country but shall be charged to present and/or future quotas of the importer for the same or other articles: however, the importer shall first obtain an import license and pay the appropriate fees before the shipment may be made or released by customs. Similarly, goods in inland transit from point of origin, or on dock, on lighter, or exporting vessel, on the date of effectivity of this order, if such circumstance can be proved by the importer to the satisfaction of the Import Control Board, shall be admitted into the country but shall be charged to present and/or future quotas of the importer for the same or other articles; however, the importer shall first obtain an import license and pay the appropriate fees before shipment may be made or released from customs. Goods ordered or contracted for prior to the date of effectivity of this Order by virtue of existing valid licenses and/or quotas shall be allowed to enter the country but shall be charged to present and/or future quotas.

Sec. 12. Importers must obtain an import license for every foreign order placed after the date of effectivity of this Executive Order unless the articles to be imported are not subject to restrictions under the provisions of this order. Articles ordered after said date without an import license shall not be released by customs to the importer and shall be confiscated by the Import Control Board.

Sec. 13. From and after the date of effectivity of this order, every consular invoice issued for the importation into the Philippines of articles subject to restrictions under the provisions of this order shall show the Import License Number in respect to such importation and the quantity and value thereof.

Sec. 14. The bringing of controlled articles for personal use, and not for resale, and of articles brought in by, or sent to, importers or indentors as samples, and not resale, shall be subject to special rules and regulations to be issued by the Import Control Board.

Sec. 15. Articles imported in violation of these rules and regulations shall be subject to forfeiture in accordance with the procedure established under Chapter

39 of the Revised Administrative Code and to the penalties prescribed by Republic Act No. 330, otherwise known as the Import Control Law.

Sec. 16. All previous circulars, directives, rules and regulations of the Import Control Board which are inconsistent with, or contrary to, the provisions of this Executive Order are hereby repealed.

Sec. 17. For the effective enforcement of this order, duly authorized agents or representatives of the Import Control Board shall be permitted to examine shipments and pertinent documents.

Sec. 18. Executive Orders No. 193, dated December 28, 1948, No. 206, dated March 16, 1949, No. 209, dated March 30, 1949 and No. 231 dated June 28, 1949, are hereby repealed.

Sec. 19. This order shall take effect on December 1, 1949.

Done in the City of Manila, this 29th day of November, in the year of Our Lord, nineteen hundred and forty-nine, and of the Independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA

Executive Secretary

MALACAÑAN PALACE

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 297

AMENDING EXECUTIVE ORDER NO. 295, DATED NOVEMBER 29, 1949

By virtue of the powers vested in me by REPUBLIC ACT No. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALIZING VIOLATIONS OF THIS ACT," I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1. Appendices A and/or B of Executive Order No. 295 are hereby amended as follows: Insert "except oranges and apples" after "all fresh and frozen fruits" in Item No. 17.1 and after Item 17.3 insert 17.4 orange and apples with a percentage cut of 30% Item No. 20.1 from 90% to 60%; Item No. 20.3 from 90% to 60%; Item No. 20.4 Coffee (Ground or as candy) from 90% to 50%; insert in Item No. 21.2 the words "corned beef and" between "except" and "those"; Item No. 21.3 delete the word "hams" and insert "except hams" after the words "and the like"; change the cut in Item No. 21.6 from 80% to 70%; insert Item No. 21.8 Corned beef with a percentage cut of 50%; insert Item 21.9 Hams with a percentage cut of 60%; delete Item No. 22.5; insert the words "and salmon" after "except sardines" in Item No. 23.1; insert "and salmon" after "sardines" in Item No. 23.4 and change percentage cut to ceiling instead of 50%; insert "Quaker oats" between the words "except" and "those" in Item No. 24.3; delete "wheat flour" and insert "Quaker oats" in Item 24.8 with a percentage cut of 30%; insert the words "plastic raincoats, garments" between "belts" and "novelties" in Item No. 25.6; delete "cardboards (any weight) and boxes" and in lieu thereof insert "chipboard (From No. 40 to No. 70)" in Item No. 27.3; delete from Item 27.4 the words "Wallboards and"; insert Item No. 27.5 Bond, writing and tablet paper, any weight, white or colored—80%; change Item 29.3 to read "wall and floor tiles except white glazed tiles"; reduce the percentage cut of Item No. 33.3 Matches from 95% to 60%; delete the word "prohibited" and insert 90% in lieu thereof in Item No. 33.7; insert Item 33.8 Wallboards — 95%; insert Item 33.39 Gas or kerosene refrigerators—50%; and insert Item 33.40 Commercial Hydrochloric Acid (Muriatic Acid) — 95%.

SECTION 2. Articles or materials included in Appendix A which are necessary for the operation of locally established industries, as determined by the Import Control Board, shall not be subject to the percentage reductions fixed in Appendix B, but the manufacturer shall apply for import permits therefor.

SECTION 3. This Order shall take effect on December 1, 1949 except the control on new items added herein which shall take effect upon the promulgation of this Order.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and forty-nine, and of the independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) MARCIANO ROQUE

Acting Executive Secretary

December 27, 1949

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 302

AMENDING EXECUTIVE ORDER NO. 297, DATED DECEMBER 24, 1949.

By virtue of the powers vested in me by REPUBLIC ACT NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AN IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL AND PENALIZING VIOLATIONS OF THIS ACT," I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1. Section 2 of Executive Order No. 297 is hereby amended to read as follows:

"Articles or materials included in Appendix "A" which are necessary for the operation of locally established industries and THOSE NEEDED IN CONSTRUCTION PROJECTS COVERED BY REHABILITATION CONTRACTS, FINANCED PARTLY OR WHOLLY BY WAR DAMAGE FUNDS, as determined IN EACH CASE by the Import Control Board, shall not be subject to the percentage reduction fixed in Appendix "B", but the manufacturer OR CONTRACTOR shall apply for import permit therefor."

SEC. 2. This Order shall take effect upon its promulgation.

Done in the City of Manila, this 14th day of February, in the year of OUR Lord, nineteen hundred and fifty, and of the independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) MARCIANO ROQUE

Acting Executive Secretary

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 306

AMENDING EXECUTIVE ORDER NO. 297, DATED DECEMBER 24, 1949.

By virtue of the powers vested in me by REPUBLIC ACT NO. 330, entitled "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ESTABLISH A SYSTEM OF IMPORT CONTROL BY REGULATING IMPORTS OF NON-ESSENTIAL AND LUXURY ARTICLES, CREATING AND IMPORT CONTROL BOARD, AUTHORIZING THE ISSUANCE OF RULES AND REGULATIONS TO CARRY INTO EFFECT SUCH CONTROL, AND PENALIZING VIOLATIONS OF THIS ACT", as amended by Republic Act No. 423, I, ELPIDIO QUIRINO, PRESIDENT OF THE PHILIPPINES, do hereby order:

SECTION 1. Section 2 of Executive Order No. 297 as amended by Executive Order No. 302 is hereby further amended to read as follows:

Articles or materials included in Appendix "A" which are necessary for the operation of locally established industries, those needed in construction projects covered by rehabilitation contracts financed partly or wholly by war damage funds, AND MATERIALS AND SUPPLIES NEEDED BY THE ARMED FORCES OF THE PHILIPPINES AND THE PHILIPPINE CONSTABULARY FOR MILITARY USE, as determined in each case by the Import Control Board, shall not be subject to the percentage reductions fixed in Appendix "B", but the manufacturer, contractor, OR THE SAID ARMED FORCES OF THE PHILIPPINES AND PHILIPPINE CONSTABULARY shall apply for import permit therefor."

SEC. 2. This order shall take effect upon its promulgation.

Done in the City of Baguio, this 18th day of March, in the year of Our Lord, nineteen hundred fifty and of the independence of the Philippines, the fourth.

(SGD.) ELPIDIO QUIRINO
President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA
Executive Secretary

CENTRAL BANK CIRCULARS

NO. 1

January 3, 1949

In all cases in which Act No. 265, commonly known as the Central Bank Act, or Act No. 337, commonly known as the General Banking Act, requires the promulgation of a rule or regulation by the Monetary Board, institutions coming within the purview of said Acts shall continue to be guided by the pertinent existing rules and regulations hitherto issued by the Bureau of Banking and/or the Department of Finance until such time as the Monetary Board shall have issued its own rules and regulations on the matter.

NO. 2

January 3, 1949

SECTION 1. *Reserves Against Deposit Liabilities.*

Effective on January 10, 1949, and until further notice, every bank is required to hold reserves against its deposit liabilities in accordance with the following rules and regulations:

(a) *Reserve against demand deposits in local currency.* For peso deposits subject to immediate withdrawal, the required reserve is 18 percent of the total amount of such deposit liabilities of the bank. Of the 18 required reserves, up to 5 percent (i.e. up to five-eighteenths of the required reserve) may be held in the form of evidences of indebtedness of the Republic of the Philippines and of the Central Bank (should the Central Bank issue such securities at some later date), and other evidences of indebtedness or obligations the servicing and repayment of which are fully guaranteed by the Republic of the Philippines. The remaining portion of the required reserve must be held in the form of deposit balances with the Central Bank.

For the purpose of computing reserves, the value of securities held as reserves shall be the cost of acquisition. The Bank may keep physical possession of such reserve securities, but shall supply the Central Bank with the following information:

- (1) name of issuers
- (2) serial numbers
- (3) denominations
- (4) maturity dates

The bank may freely alter the composition of, increase, or reduce, its holdings of reserve securities, provided that any substitutions or acquisitions satisfy the eligibility requirements prescribed in the preceding paragraph, and provided further that the bank notifies the Central Bank of any such changes no later than noon of the next working day. Securities counted as reserves may not be hypothecated in any way without automatically losing their eligibility as reserves.

(b) *Reserve against savings and time deposits in local currency.* The required reserve against peso savings and time deposit liabilities is 5 per cent of the total amount of the banks' obligations of this class. The required reserve may be held in the form of deposit balances with the Central Bank and/or in the form of securities of the type described in subsection (a) of this section.

Any securities held as deposit reserves in accordance with the provisions of the preceding paragraph shall be subject to the same rules and regulations prescribed in the last paragraph of subsection (a) above.

(c) *Reserve against deposit liabilities in foreign currencies.* The required reserve against all foreign deposit liabilities, regardless of whether such deposits are classified as demand, time, or savings deposits, is 10 per cent of the total amount of such liabilities. The required reserve may be held in the form of deposit balances with the Central Bank and/or freely disposable foreign balances in the currency in which the deposit liabilities are denominated. In the case of deposit liabilities in United States dollars, all or part of the required reserve may be held in the form of United States Government obligations having maturities, in each instance, of not more than five years from the date of acquisition of the security by the bank. The holding of such securities as reserves shall be subject to the same rules and regulations as those prescribed in the last paragraph of subsection (a) of section (1) of this circular.

SECTION 2. *Computation of Reserve Position.*

Each bank shall calculate its reserve position daily, on the basis of its reserves and its deposit liabilities as of the close of business for the day. For the purpose of computing its reserve position, the principal office in the Philippines and all branches and agencies located therein shall be treated as a single unit.

SECTION 3. *Report of Required and Available Reserves.*

Every Monday, not later than 12:00 o'clock noon, every bank shall make a report to the Central Bank on its daily required and available reserves during the past week. This report shall be prepared in duplicate on Central Bank Form No. DSE 1.

SECTION 4. *Reserve Deficiencies.*

Whenever the reserve position of any bank, computed in the manner specified in Section (2) of this circular, is below the required minimum, the bank shall pay the Central Bank one-tenth of one per cent ($1/10$ of 1%) per day on the amount of deficiency: *Provided, however,* That banks shall be permitted to offset any reserve deficiency occurring on one or more days of the week with any excess reserves which they may hold on other days of the same week and shall be required to pay the penalty only on the average daily net deficiency during

the week. In cases of abuse, the Monetary Board may deny and bank the privilege of offsetting reserve deficiencies in the aforesaid manner.

It should be noted that, under the provisions of Section 106 of the Central Bank Act, in cases where a bank chronically has a reserve deficiency the Monetary Board may limit or prohibit the making of new loans or investments by the bank and may require that part or all of the net profits of the bank be assigned to surplus.

SECTION 5. *Initial Procedure for Complying with the Reserve Requirements.*

(a) *Transfer to Central Bank of amounts due from Clearing House.* Not later than 10:00 a.m. on January 10, 1949, every bank shall direct the Manila Clearing House Association to transfer to the Central Bank any funds due to the bank. From that day on, interbank clearings will be made through the Central Bank.

(b) *Transfer of additional funds to fulfill reserve requirements.* If the amount of funds transferred to the Central Bank in compliance with the preceding subsection falls short of the bank's minimum required reserve, and if the difference is greater than the amount which the bank chooses to hold in the form of securities and/or foreign balances, in accordance with the provisions of Section 1 of this circular, then the bank shall segregate an amount of cash in the vaults of its Manila office and/or of its provincial branches sufficient to complete the minimum required reserve. Such cash shall be held in trust for the account of the Central Bank, subject to its order and disposal at any time. At the same time, any additional cash which the bank may wish to deposit with the Central Bank for the purpose of covering the demands of daily interbank clearings should be added to the cash to be held in trust for the Central Bank. The banks shall deliver to the Central Bank not later than noon on January 10, 1949, a statement certifying the total amount of cash held in trust for the Central Bank and stating therein the location of the cash and the breakdown as between treasury certificates and treasury coins.

At its earliest convenience, the Central Bank will issue instructions with respect to the physical transfer to the Central Bank of the cash held in trust in the Manila offices of the banks, and for the physical transfer to the provincial branches of the Philippine National Bank of the cash held in trust in the provincial branches of the banks.

SECTION 6. *Subsequent Deposit and Withdrawal of Cash.*

Whenever any bank wishes to place additional cash on deposit with the Central Bank, it shall do so by the physical delivery of such cash to the premises of the Central Bank, and shall not do so by adding to the cash held in trust for

the Central Bank, except in such cases as may be specifically authorized by the Governor of the Central Bank. Similarly, whenever any bank wishes to withdraw cash from the Central Bank, it shall take physical delivery of such cash at the premises of the Central Bank, except in such cases as may be specifically authorized by the Governor.

Notwithstanding the provisions of the preceding paragraph, it is the intention of the Central Bank, as soon as arrangements can be completed, to permit banks at any time to have their branches deposit excess cash with provincial branches of the Philippine National Bank, which will hold such cash in trust for the Central Bank. Upon receipt of advice of such deposits from the Philippine National Bank, the Central Bank will credit the deposit balance of the bank concerned. Similarly, but subject to prior approval in each case, the Central Bank intends to permit banks to withdraw funds from the Central Bank through taking delivery of cash from Philippine National Bank branches. The Central Bank will endeavor to grant approval for all such requests to the extent that available cash on hand in the Philippine National Bank branches, including cash held in trust for the account of the Central Bank, permits. The Central Bank will notify the Banks as soon as the facilities contemplated in this paragraph can be put into operation.

NO. 3

January 3, 1949

SECTION 1. *Buying and Selling Rates of the Central Bank.*

(a) *Buying rates.* The Central Bank will buy United States dollar exchange from the banks at the following rates:

(1) telegraphic transfers	P200.75	per \$100.00
(2) sight drafts	200.625	" "
(3) 30-day date drafts	200.25	" "
(4) 30-day sight drafts	200.125	" "
(5) 60-day date drafts	199.75	" "
(6) 60-day sight drafts	199.625	" "

Purchase of other dollar time drafts will be made at rates based on those listed above, adjusted according to maturity.

The rates quoted in the preceding paragraph apply only to purchases of \$200.00 or more. For sight items of less than this amount, the Bank will buy at a rate of P200.25. The rates for any non-sight items of less than \$200.00 will be those quoted in the first paragraph minus P0.375 per \$100.00 in each case.

The Central Bank will not at present purchase United States currency (i.e., notes and coins).

(b) *Selling rates.* The Central Bank will sell United States dollar exchange to the banks at the buying rates quoted in the first paragraph of subsection (a) above *plus* ₱0.25 per \$100.00 in each case.

SECTION 2. *Buying and Selling Rates of the Banks.*

(a) Minimum buying rates. The banks may buy United States dollar exchange at rates of not less than the following:

(1) telegraphic transfers	₱200.50	per \$100.00
(2) sight drafts	200.375	" "
(3) 30-day date drafts	200.00	" "
(4) 30-day sight drafts	199.875	" "
(5) 60-day date drafts	199.50	" "
(6) 60-day sight drafts	199.375	" "

The minimum rates for purchases of other dollar time drafts shall be based on those listed above, adjusted according to maturity.

The minimum rates established in the preceding paragraph shall apply only to purchases of \$200.00 or more. For sight items of less than this amount, the banks may pay a minimum rate of ₱200.00. The minimum rates for any non-sight items of less than \$200.00 will be those authorized in the preceding paragraph *minus* ₱0.375 per \$100.00 in each case. The minimum buying rates prescribed in the first and second paragraphs of this subsection shall be net of all exchange commissions and charges other than actual telegraphic costs, if any, incurred by the bank.

Notwithstanding the foregoing, purchases of United States notes and coins may be made at a rate of not less than ₱198.00 per \$100.00.

For purchases of foreign exchange or foreign notes and coins in currencies other than United States dollars, the minimum buying rates shall be based on the appropriate dollar cross rate. In cases of doubt, the banks should consult the Central Bank.

(b) *Maximum selling rates.* The banks may sell United States dollar exchange at rates which do not exceed the minimum buying rates established in subsection (a) of this section by more than ₱1.00 per \$100.00 (i.e., ₱201.50 per \$100.00 for telegraphic transfers, ₱201.375 for sight drafts, etc.) except in the case of sales involving less than \$200.00, in which case the maximum selling rate for telegraphic transfers and sight drafts shall be ₱202.00 per \$100.00 and the maximum rates for time drafts shall be the minimum buying rates established under subsection (a) of this section *plus* ₱1.625 per \$100.00 (i.e., ₱201.625 for 30-day date drafts, ₱201.50 for 30-day sight drafts, etc.) The maximum rates established in this paragraph shall include all exchange commissions and charges other than actual telegraphic costs, if any, incurred by the bank. Accordingly,

all charges connected with bank financing of foreign trade, with the exception of charges for interest or for commissions collected wholly for the account of banks or other entities abroad, must bear a reasonable relationship to the work or risk entailed for the bank.

Notwithstanding the rate structure established in the preceding paragraph, the maximum T/T selling rates for amounts involving \$200.00 or more shall be ₱202.00 per \$100.00 during the month of January and ₱201.75 during the month of February, 1949, and the maximum selling rates for sight and time drafts shall be adjusted correspondingly during each of those two months. Furthermore, in the case of drafts negotiated up to and including January 31, 1949, under letters of credit outstanding as of December 29, 1948, the banks may charge a retiring rate of ₱204.00 per \$100.00. Moreover, said retiring rate may also be used in retiring all import bills actually purchased on or before December 29, 1949, regardless of the eventual date of retail.

Sales of United States notes and coins may be made at a rate of not more than ₱202.00 per \$100.00.

For sales of foreign exchange or foreign notes and coins in currencies other than the United States dollar, the maximum selling rates shall be based on the appropriate dollar cross rate. In cases of doubt, the banks should consult the Central Bank.

(c) *Maximum buying rates and minimum selling rates.* The minimum buying rates heretofore established shall also be the minimum selling rates in every case, and the maximum selling rates shall similarly be the maximum buying rates.

SECTION 3. *Forward Purchases and Sales.*

✓ The Central Bank is not prepared to enter into contracts for forward purchase or sale of foreign exchange. The banks may enter into such contracts however, either with other banks or with their customers, but must report to the Central Bank the rates at which such transactions are effected.

NO. 4

January 3, 1949

Every bank is hereby requested to report to the Central Bank, as soon as possible, its foreign exchange position as of December 31, 1948, with appropriate schedules including a list of individual forward contracts indicating the buyers and sellers in each case and the respective rates involved.

NO. 5

January 12, 1949

Effective immediately, the first paragraph of subsection (a) of Section 1 of Central Bank Circular No. 3 of January 3, 1949, is revised to read as follows:

(a) *Buying rates.* The Central Bank will buy United States dollar exchange from the banks at the following rates:

(1) telegraphic transfers	P200.75	per \$100.00
(2) sight drafts	200.6875	" "
(3) 30-day date drafts	200.50	" "
(4) 30-day sight drafts	200.4375	" "
(5) 60-day date drafts	200.25	" "
(6) 60-day sight drafts	200.1875	" "

Purchase of other dollar time drafts will be made at rates based on these listed above, adjusted according to maturity.

NO. 6,

January 14, 1949

SECTION 1. *Buying and Selling Rates of the Central Bank.*

Effective immediately, the Central Bank will henceforth buy United States dollar exchange from the banks at the following rates:

(1) telegraphic transfers	P200.75	per \$100.00
(2) sight drafts	200.70	" "

The rates quoted in the preceding paragraph apply only to purchases of \$500.00 (five hundred dollars) or more. A rate of P200.00 (two hundred pesos) will apply to purchases of less than this amount.

The Central Bank will henceforth sell United States dollar exchange to the banks at the following rates:

(1) telegraphic transfers	P201.00	per \$100.00
(2) sight drafts	200.95	" "

The provisions of this section do not apply to purchases and sales of United States currency (i.e., notes and coins).

Section 1 of this circular replaces Section 1 of Circular No. 3 of January 3, 1949, and replaces Circular No. 5 of January 12, 1949, in its entirety.

SECTION 2. *Purchases and Sales of Small Drafts by the Banks.*

Whenever the figure of \$200.00 (two hundred dollars) appears in the second, fifth, and sixth paragraphs of Section 2 of Circular No. 3 of January 3, 1949, it shall be replaced by the figure \$500.00 (five hundred dollars).

NO. 7,

January 24, 1949

Effective immediately, the banking hours of the Central Bank of the Philippines shall be as follows:

Monday to Friday: 9:30 A.M. to 2:30 P.M.
Saturday: 9:30 A.M. to 12:00 noon

This is without prejudice to other banks and banking institutions opening at an earlier hour.

This circular consolidates the provisions of Circulars Nos. 3, 5, and 6, and thus renders those circulars inoperative.

SECTION 1. *Buying and Selling Rates of the Central Bank.*

The Central Bank will buy United States dollar exchange from the banks at the following rates:

(1) telegraphic transfers	P200.75	per \$100.00
(2) sight drafts	200.70	" "

The rates quoted in the preceding paragraph apply only to purchases of \$500.00 (five hundred dollars) or more. A rate of P200.00 (two hundred pesos) will apply to purchases of less than this amount.

The Central Bank will henceforth sell United States dollar exchange to the banks at the following rates:

(1) telegraphic transfers	P201.00	per \$100.00
(2) sight drafts	200.95	" "

The provisions of this section do not apply to purchases and sales of United States currency (i.e., notes and coins).

SECTION 2. *Buying and Selling Rates of the Banks.*

(a) *Minimum buying rates.* The banks may buy United States dollar exchange at rates of not less than the following:

(1) telegraphic transfers	P200.50	per \$100.00
(2) sight drafts	200.375	" "
(3) 30-day date drafts	200.00	" "
(4) 30-day sight drafts	199.875	" "
(5) 60-day date drafts	199.50	" "
(6) 60-day sight drafts	199.375	" "

The minimum rates for purchases of other dollar time drafts shall be based on those listed above, adjusted according to maturity.

The minimum rates established in the preceding paragraph shall apply only to purchases of \$500.00 or more. For sight items of less than this amount, the banks may pay a minimum rate of P200.00. The minimum rates for any non-sight items of less than \$500.00 will be those authorized in the preceding paragraph minus P0.375 per \$100.00 in each case. The minimum buying rates prescribed in the first and second paragraphs of this subsection shall be net of all exchange commissions and charges other than actual telegraphic costs, if any, incurred by the bank.

Notwithstanding the foregoing, purchases of United States notes and coins may be made at a rate of not less than ₱198.00 per \$100.00.

For purchases of foreign exchange or foreign notes and coins in currencies other than United States dollars, the minimum buying rates shall be based on the appropriate dollar gross rate. In cases of doubt, the banks should consult the Central Bank.

(b) *Maximum selling rates.* The banks may sell United States dollar exchange at rates which do not exceed the minimum buying rates established in subsection (a) of this section by more than ₱1.00 per \$100.00 (i.e., ₱201.50 per \$100.00 for telegraphic transfers, ₱201.375 for sight drafts, etc.,) except in the case of sales involving less than \$500.00 in which case the maximum selling rate for telegraphic transfers and sight drafts shall be ₱202.00 per \$100.00 and the maximum rates for time drafts shall be the minimum buying rates established under subsection (a) of this section *plus* ₱1.625 per \$100.00 (i.e., ₱201.625 for 30-day date drafts, ₱201.50 for 30-day sight drafts, etc.) The maximum rates established in this paragraph shall include all exchange commissions and charges other than actual telegraphic costs, if any, incurred by the bank. Accordingly, all charges connected with bank financing of foreign trade, with the exception of charges for interest or for commissions collected wholly for the account of banks or other entities abroad, must bear a reasonable relationship to the work or risk entailed for the bank.

Notwithstanding the rate structure established in the preceding paragraph, the maximum T/T selling rates for amounts involving \$500.00 or more shall be ₱202.00 per \$100.00 during the month of January and ₱201.75 during the month of February, 1949, and the maximum selling rates for sight and time drafts shall be adjusted correspondingly during each of those two months. Furthermore, in the case of drafts negotiated up to and including January 31, 1949, under letters of credit outstanding as of December 29, 1948, the banks may charge a retiring rate of ₱204.00 per \$100.00. Moreover, said retiring rate may also be used in retiring all import bills actually purchased on or before December 29, 1948, regardless of the eventual date of retiral.

Sales of United States notes and coins may be made at a rate of not more than ₱202.00 per \$100.00.

For sales of foreign exchange or foreign notes and coins in currencies other than the United States dollar, the maximum selling rates shall be based on the appropriate dollar gross rate. In cases of doubt, the banks should consult the Central Bank.

(c) *Maximum buying rates and minimum selling rates.* The minimum buying rates heretofore established shall also be the minimum selling rates in every case, and the maximum selling rates shall similarly be the maximum buying rates.

SECTION 3. *Forward Purchases and Sales.*

The Central Bank is not prepared to enter into contracts for forward purchase or sale of foreign exchange. The banks may enter into such contracts, however, either with other banks or with their customers, but must report to the Central Bank the rates at which such transactions are effected.

NO. 9

February 17, 1949

CLEARING REGULATIONS

SECTION 1. *Time and Place of Exchanges*

The clearing of checks, bills and other items contemplated in this circular shall be conducted in the premises of the Central Bank at the Sixth Floor of the Philippine National Bank building or at such other place which the Central Bank may designate upon prior notice. The hour for making such exchanges shall be 11:00 o'clock a.m. and 3:00 o'clock p.m. on each business day except Saturday when there shall be only one clearing at 12:30 p.m. The hour for making such exchange may be changed by the Central Bank upon prior notice to the banks, institutions and entities concerned. However, the work of clearing shall not be delayed longer than 10 minutes after the designated hours of exchanges on account of the failure of the representative or representatives of any bank, banking institutions or entity to appear at such hours.

SECTION 2. *Settling Clerks*

Each bank, institution or entity allowed to clear through the Clearing Office of the Central Bank shall send one or more competent clerks to deliver and receive the items to be exchanged. The facsimile signatures of these clerks must be filed previously with the Clearing Office of the Central Bank.

SECTION 3. *Items for Clearing*

All checks and documents payable on demand and drawn against the Manila Office of a bank, institution or entity allowed to clear may be exchanged through the Clearing Office of the Central Bank, and, as evidence of the channel through which they had been negotiated, they shall be impressed by the sending bank, institution or entity with a special stamp showing that they have been cleared through the Clearing Office of the Central Bank. All items to be exchanged should be properly endorsed before being sent to the Clearing Office and should bear the name of the bank, institution or entity to which they belong, but the Clearing Office of the Central Bank shall be in no way responsible for flaws or defects in the items or for any irregularity whatsoever in any of their features.

SECTION 4. *Clearing Procedure*

(a) *Procedure for Ordinary Clearing*

The settling clerks shall have their respective demands in sealed envelopes se-

parately made out against each bank, institution or entity allowed to clear. The total demand in each sealed envelope shall be shown in a certified adding machine list which should be attached to each envelope. As acknowledgment of the receipt of the demands against the bank, institution or entity he represents, the settling clerk concerned will prepare and sign a Clearing Office Statement (Clearing Form No. 4) in duplicate. The original copy of this Statement shall be given to the Chief of the Clearing Office who shall prepare a Clearing Office Proof Sheet (Clearing Form No. 5) showing the total and net debits and credits against each bank, institution or entity. The Chief of the Clearing Office shall, upon closing the meeting, sign the duplicate copy of the Clearing Office statement certifying as to the result of the exchanges for the meeting. Balances in favor of or against any bank, institution or entity allowed to clear shall be settled by entries in its deposit account with the Central Bank.

(b) Procedure for Special Clearing

Items which are to be cleared at times other than the hours designated in Section 1 shall be settled directly between the banks, institutions or entities concerned. For this purpose, the Special Clearing Receipt (Cash Form No. 10) should be used. The original and duplicate copy of the Receipt shall be retained by the bank, institution or entity sending the same, and the triplicate copy shall be delivered to the one accepting it. At the following clearing, the original of the Special Clearing Receipt shall be presented through the Clearing Office as a demand against the accepting bank, institution or entity. Nothing in this section shall prevent the parties concerned from making a direct settlement between themselves.

(c) Procedure for Returned Items

Items which should be returned for any reason whatsoever shall be returned directly to the bank, institution or entity from which the item was received. For this purpose, the Receipt for Returned Checks (Cash Form No. 9) should be used. The original and duplicate copies of said Receipt shall be given to the bank, institution or entity which returned the items and the triplicate copy should be retained by the bank, institution or entity whose demand is being returned. At the following clearing, the original of the Receipt for Returned Checks shall be presented through the Clearing Office as a demand against the bank, institution or entity whose item has been returned. Nothing in this section shall prevent the returned items from being settled by direct reimbursement to the bank, institution or entity returning the items. All items cleared at 11:00 o'clock a.m. shall be returned not later than 1:45 o'clock p.m. on the same day and all items cleared at 3:00 o'clock p.m. shall be returned not later than 8:30 a.m. of the following business day, except for items cleared on Saturday which may be returned not later than 8:30 a.m. of the following day.

Amendment to Circular No. 9

January 4, 1949

By resolution approved by the Monetary Board at its meeting held on May 26, 1949, Subsection (c), Section 4 of Circular No. 4, issued under date of February 17, 1949, has been amended so that the last sentence thereof shall read (in part) as follows:

"All items cleared at 11:00 o'clock a.m. shall be returned not later than 2:00 o'clock p.m. on the same day x x x"

NO. 10

February 24, 1949

Pursuant to the provisions of Section 58 of Republic Act No. 265, otherwise known as the Central Bank Act, the following regulations governing withdrawal from circulation, demonetization and replacement of currency unfit for circulation are hereby promulgated:

1. The Central Bank shall withdraw from circulation and demonetize all notes and coins which for any reason whatsoever are unfit for circulation, and shall replace them by adequate notes and coins, except when such notes and coins fall under any of the following classifications:

- (a) Notes and coins the identification of which is impossible;
- (b) Coins which show signs of filing, clipping or perforations; and
- (c) Notes which have lost more than two fifths of their surface or all of the signatures inscribed thereon.

2. Notes and coins which are so mutilated as to fall under any of classifications (a), (b) and (c) above shall be withdrawn from circulation and demonetized without compensation to the bearer, unless it is proved to the satisfaction of the Central Bank that they became unfit for circulation as a result of accidental causes or forces beyond control, in which case they shall be replaced by adequate notes and coins.

3. Mutilated notes and coins whose exchange value cannot be determined in accordance with the provisions of this Circular will be exchanged only at the Central Bank, Manila, where final determination of the exchange value will be made. Agencies of the Central Bank may accept such mutilated currency on a collection basis only.

4. Branches of the Philippine National Bank which are designated agents of the Central Bank shall forward directly to the Central Bank, Manila, mutilated notes and coins in their possession, but care should be taken by the agencies of the Central Bank concerned to insure the safety of every such shipment. After such mutilated currency has been received, counted, and its exchange value, if any, determined, appropriate credit will be given to the agency concerned in the books of the Central Bank, Manila. The cost of such shipment will be at the expense of the Central Bank.

5. Provincial agencies of the Philippine National Bank in places where there are no branches of the Philippine National Bank shall accept mutilated currency on a collection basis and those who turn in such currency shall be reimbursed only after its value has been determined at the Central Bank, Manila. All mutilated notes and coins shall be segregated and/or packaged, individually and separately for every person, firm, or entity presenting any such notes and coins for replacement, in order that the respective owners may later receive proper restitution.

6. Mutilated notes and coins received by such agencies of the Philippine National Bank shall be shipped to the Philippine National Bank, Manila, and care shall be taken to insure the safety of every such shipment. The Philippine National Bank, Manila, shall in turn forward them to the Central Bank. After such mutilated currency has been received, counted, and its exchange value determined, appropriate credit will be given to the Philippine National Bank, Manila, in the books of the Central Bank, Manila. The cost of shipment of mutilated currency from the provincial agency concerned to the Philippine National Bank, Manila, will be borne by the Central Bank.

NO. 11

February 24, 1949

For the purposes of Sections 22 and 30 of Republic Act No. 337, otherwise known as the General Banking Act, the term "total assets" is hereby defined to exclude the War Items Adjustment Account, if any, all Trust Department accounts, the unutilized portion of overdraft lines and of letters of credit, and all contingent accounts; and the term "combined capital accounts" is held to exclude the War Items Adjustment Account, if any.

NO. 12

February 24, 1949

Effective as of January 18, 1949, and until further notice, Philippine branches and agencies of banks operating in the Philippines, with the exception of branches and agencies located in the City of Manila, may deposit cash with the local branch or agency of the Philippine National Bank for the purpose of meeting the legal reserve requirements.

In order to meet local needs for cash, funds thus deposited with branches or agencies of the Philippine National Bank may be withdrawn by check or by other means sanctioned as good banking practice.

NO. 13

March 3, 1949

REGULATIONS ON GOLD TRANSACTIONS

SECTION 1. *Exportation of Gold*

Any party exporting gold in any form, whether for refining abroad or not, must obtain a license from the Central Bank of the Philippines. Applicants for

export licenses should present satisfactory evidence that the importation of the gold will not be in violation of the rules and regulations of the country of the importer.

SECTION 2. *Importation of Gold*

Gold shall be imported only for industrial and artistic purposes, and any party who desires to import gold must secure a license from the Central Bank of the Philippines. The license will be issued subject to the following conditions:

(a) The applicant must present satisfactory evidence that the proposed transaction is not in violation of the rules and regulations of the exporting country;

(b) The applicant must present documentary evidence of the name and address of the seller and the amount of gold he has contracted to buy;

(c) The gold to be imported must be declared with the Bureau of Customs upon arrival;

(d) Immediately after release by the Customs authorities, the gold must be deposited with the Central Bank, to be withdrawn from time to time as needed. Application for each withdrawal shall be submitted to the Cashier of the Central Bank;

(e) Domestic sales of such gold shall be made only to actual users of the metal for industrial and artistic purposes, including jewelers, goldsmiths and dentists;

(f) The gold must be sold at not more than ₱70 per ounce, 0.900 fine, plus reasonable handling charges; and

(g) The importer must submit to the Central Bank, at the end of every month, certified reports in duplicate containing the names and addresses of the buyers, their business, dates of sale, quantity and purpose of purchase, and the quantity of gold on hand at the end of the month.

SECTION 3. *Penalty for violation of rules or regulations.*

Attention is called to Section 34 of the Central Bank Act which provides as follows: "Whenever any person or entity willfully violates this Act or any order, instruction, rule or regulation legally issued by the Monetary Board, the person or persons responsible for such violation shall be punished by a fine of not more than twenty thousand pesos and by imprisonment of not more than five years."

NO. 14

April 7, 1949

REGULATIONS GOVERNING LOANS AGAINST PERSONAL SECURITY

These regulations are issued pursuant to the provisions of Section III of Republic Act No. 265 and Section 78 of Republic Act No. 337.

Section 1. Loans, advances and overdraft lines granted against personal security shall require the signatures of two responsible persons or entities, except in the case of a borrower whose responsibility and financial capacity are unquestionable, in which case the signature of the borrower alone shall suffice.

Section 2. Loans and advances against personal security may be granted only in the amounts and for the periods of time essential for the completion of the operations to be financed. Loans granted for periods of more than one year shall be reported to the Superintendent of Banks.

Section 3. Extensions or renewals of loans and advances beyond the original maturity date may be made only when such extension or renewal is necessary to protect the legitimate interest of the bank and/or of the borrower, and only after a careful review of the financial capacity of the debtor. Such extensions or renewals ordinarily shall be for periods of not more than one-half of that of the current period and in amounts not in excess of seventy percent of the existing promissory note: Provided, however, that the bank may grant extensions or renewals for longer periods and for greater amounts than those specified above in exceptional cases in which such action is fully justifiable, but the bank must report the circumstances to the Superintendent of Banks.

Section 4. Overdraft lines against personal security may be granted for periods not exceeding one year, with the exception of overdraft lines granted to finance the production, processing and marketing of sugar, in which case the life of overdraft lines may be as much as eighteen months. Overdraft lines shall be granted only for financing operations continuing or revolving nature.

Section 5. If an overdraft line has a debit balance outstanding at the expiration of the line, it may be renewed only if the account has shown an active turnover during the period. Renewals of overdraft lines shall be reported quarterly to the Superintendent of Banks together with information on the activity of such accounts during the previous term.

Section 6. Before granting a clean loan, advance or overdraft line, the bank must exercise proper caution that the borrowers, indorsers, and/or guarantors are financially capable of fulfilling their commitments with the bank. Toward this end, banks shall obtain from their credit applicants a statement as to their property, income and expenditures.

Persons or entities applying for loans, advances or overdraft lines in excess of ₱50,000 shall present to the bank an annual financial statement duly certified by an independent certified public accountant. Financial statements shall also be obtained from all indorsers and guarantors in cases where the borrower applies for credit accommodation in excess of ₱10,000, but these statements need not be certified by a certified public accountant.

Section 7. The purpose of all loans shall be stated in the contract between the bank and the borrower, or shall be set forth in a statement signed by the borrower.

Section 8. Applicants for loans, advances or overdraft lines which are granted against personal security shall be required, when circumstances so warrant, to furnish additional collateral, such as real estate mortgages, or pledges of goods, securities accounts receivables, assignment of payment, and similar collaterals, without being subject to the ratios prescribed in the first and second paragraphs of Section 78 of Republic Act No. 337. Such loans shall be regarded as loans against personal security and, accordingly, shall be subject to the provisions of this circular.

Section 9. The provisions of this circular shall become effective on April 11, 1949: Provided, however, that the provisions of the second paragraph of Section 6 shall not become effective until July 1, 1949.

Amendment to Circular No. 14

June 4, 1949

By resolution approved by the Monetary Board at its meeting held on May 24, 1949, Section 6 of Circular No. 14 has been amended so that it shall read as follows:

"Before granting a clean loan, advance or overdraft line, the bank must exercise proper caution that the borrowers, indorsers, and/or guarantors are financially capable of fulfilling their commitments with the bank. Toward this end banks shall keep convenient records containing information as to the financial standing of credit applicants.

"Persons or entities applying for loans, advances or overdraft lines in excess of ₱50,000 shall present to the bank an annual financial statement dully certified by an independent certified public accountant: *Provided, however, that in the case of clean loans, advances or overdraft lines of ₱50,000 or less, this requirement shall be optional on the part of the bank.*"

This amendment shall become effective immediately, except the provisions of the second paragraph of the section, as amended, which shall take effect on July 1, 1949.

NO. 15

April 22, 1949

Notwithstanding any expressed or implied provisions to the contrary in Circular No. 8 of February 7, 1949, the banks may henceforth, when buying foreign coins, deduct from the buying rate an amount sufficient to cover the costs of packing, insuring and shipping the coins to the country of origin.

Section of Circular No. 8 of February 7, 1949, is hereby revised to read as follows:

SECTION 1. *Buying and Selling Rates of the Central Bank.*

The Central Bank will continue to buy United States dollar exchange from the banks at the following rates:

- | | | |
|------------------------------------|---------|--------------|
| (1) telegraphic transfers | P200.75 | per \$100.00 |
| (2) sight drafts in New York | 200.70 | " " |

The rates quoted in the preceding paragraph apply only to purchase of \$500.00 (five hundred dollars) or more. A rate of P200.00 (two hundred pesos) will apply to purchases of less than this amount.

The Central Bank will henceforth sell United States dollar exchange to the banks at the following rates:

- | | | |
|------------------------------------|---------|--------------|
| (1) telegraphic transfers | P200.81 | per \$100.00 |
| (2) sight drafts in New York | 200.76 | " " |

The provisions of this section do not apply to purchases and sales of United States currency (i.e., notes and coins).

NO. 17

July 28, 1949

The Central Bank will henceforth sell sight drafts on New York at a rate of P200.80 per \$100.00, instead of P200.76 as heretofore. All other buying and selling rates of the Central Bank remain unchanged.

NO. 18

October 13, 1949

PURCHASE AND SALE OF FORWARD EXCHANGE

The Central Bank of the Philippines will henceforth, and until further notice, enter into forward contracts with the banks to buy and sell United States dollars. The delivery dates specified in such contracts shall not be more than six months from the date of contract. Delivery may be made at any time within the life of the contract at buyer's option in the case of forward exchange sold by Central Bank, and at seller's option in the case of forward exchange bought by the Central Bank. The Central Bank will buy forward exchange at its present buying rates for demand drafts and telegraphic transfers, and will sell forward exchange at a premium of three-sixteenths of one per cent ($\frac{3}{16}$ of 1%) per month, or fraction thereof, above its selling rates for demand drafts and telegraphic transfers.

Banks shall provide their customers with forward cover in any currency only for bona-fide commercial requirements and shall under no circumstances enter

into contracts to sell forward exchange for other purposes. Doubtful cases shall be referred to the Central Bank before the bank enters into the contract.

NO. 19

November 17, 1949

SELECTIVE CREDIT CONTROL

Effective immediately, the issuance and/or opening of letters of credit and authorities to purchase for the importation of goods, merchandise and/or commodities into the Philippines, the use of the proceeds of bank loans, discounts, and other forms of credit accommodation, and the granting and extension of trust receipt facilities by banks shall be subject to the following regulations:

1. A cash deposit of eighty (80%) per cent shall be required for all letters of credit and/or authorities to purchase for the importation of the goods, merchandise and/or commodities included in the list attached hereto.

2. No such letter of credit or authority to purchase for the importation of goods, merchandise and/or commodities of the kinds included in said list shall be issued or opened except on a sight basis.

3. Proceeds of bank loans and discounts and unused overdraft lines shall not be used and shall not be permitted to be used, in the same bank or in any other bank, in providing for the cash deposit or margin requirement of eighty (80%) per cent required by this Circular, in paying or liquidating drafts covering imports of goods, merchandise and/or commodities included in said list, or in using such proceeds to pay or in making remittances to pay and/or to cover orders for such goods, merchandise and/or commodities.

4. No bank shall grant or permit the use of trust receipt facilities by their customers, directly or indirectly, for the purpose of facilitating the release of any goods, merchandise and/or commodities included in the list and covered by D/P collection bills.

The provisions of this Circular shall apply to all credit lines, of every kind and form, in force and outstanding in the books of the banks as of the date of this Circular, and to all such credit lines which may now or hereafter be granted and/or extended by the banks.

LIST ATTACHMENT TO CIRCULAR NO. 19

AUTOMOBILES (PASSENGER CARS) AND OTHER VEHICLES

Automobiles, passenger cars
Station wagons
Jeeps
Motorcycles

JEWELERS, PRECIOUS METALS AND STONES

Real (gold, silver and platinum)—

Not plated

Plated

Imitation (made of other metals)—

Costume jewelry and trinkets

Stones, precious, semi-precious or imitations thereof (set or unset) —

Pearls

Diamonds

Other precious stones

Imitations

Metals, Precious (gold, silver, platinum, and sterling silver) —

Not plated —

Tablewares or Hollowares (plates, center pieces, coffee sets, cocktail sets, drinking sets, bowls, flower vases, picture frames, etc.)

Silverwares or Flatwares (cubiertos)

Other wares and articles

Metals, Precious (gold, silver, platinum, and sterling silver) —

Plated —

Tablewares or Hollowares (plates, center pieces, coffee sets, cocktail sets, drinking sets, bowls, flower vases, picture frames, etc.)

All other wares and articles except silverwares (cubiertos)

PERFUMES AND TOILET PREPARATIONS

Perfumes, lotions and toilet waters

Petroleum jellics (vaseline)

Pomades

Creams and balms

Rouges and lipsticks

Face Powders (including perfumed talc)

Hair tonics

Shampoos

Brilliantines

Nail Polish

BEAUTY CULTURE EQUIPMENT

Beauty Parlor equipment and accessories

Manicure apparatus and accessories

Dresser sets

GAMES AND AMUSEMENTS (EXCEPT ATHLETIC EQUIPMENT)

- Dice
- Mahjong sets
- Playing cards
- Fronton equipment
- Other game equipment

BEVERAGES, WINES AND LIQUORS (EXCEPT EXTRACTS, FLAVORS, AND SYRUPS FOR LOCAL BOTTLING PURPOSES)

Fermented Liquors —

- Cider
- Malted liquors
- Alcohol, ethyl
- Brandy
- Cordials
- Gin
- Rum
- Other distilled spirits (Blackberry, ginger, brandy, etc.)

Whiskey —

- Corn (Bourbon)
- Malt (Scotch)
- Rye
- All other whiskey

Wines —

- Sparkling
- Other wines

BEER

- Beer and ale

FIREWORKS AND FIRECRACKERS

- Fireworks and firecrackers

TOYS, MADE OF:

- Celluloid
- Glass
- Porcelain
- Rubber
- Metal
- Wood
- Plastic
- Other materials

TEXTILES AND MANUFACTURES OF COTTON, RAMIE, FLAX, LINEN, WOOL, SILK, RAYON, NYLON, AND OTHER SYNTHETIC MATERIALS

- Fabrics (woven, knitted or otherwise)
- Ready made wearing apparel
- Grey cloth (unbleached sheetings and unbleached drills)
- Weaving yarns
- Other manufactures, except threads, yarns, twines, fishing nets and other articles for industrial purposes

MUSICAL INSTRUMENTS AND RADIOS

- Phonographs, gramophones, and juke boxes
- Pianos
- Radio-phonograph combinations
- Radios

GLASS AND GLASSWARES

- Wares and drinking glasses made of cut glass
- Chandeliers and mirrors
- Beads and other decorative articles

WATCHES AND CLOCKS

- Watches
- Clocks

ORNAMENTAL ARTICLES, MADE OF

- Base metals
- Ivory
- Other materials
- (This category includes such items as artificial flowers and fruits, curios and carvings, Christmas trees, decorations and lights, flower bowls, vases, stands, brackets and hangers, figures and figurines, candlesticks, statues and statuettes, bookends, picture frames, sequins, etc.)

TOBACCO AND MANUFACTURES OF

- Cigarettes
- Cigars
- Snuff and chewing tobacco
- Prepared tobacco (smoking)
- Other manufactured tobacco

LEATHER, SKINS AND IMITATIONS, MANUFACTURES OF

- Boots and shoes

Boots and shoes (any kind of top) with soles and leather, skins or imitations
Sandals and slippers
Garments
Harness and saddles
Traveling bags
Belts, gloves, pocketbooks, purses, wallets and handbags

NUTS AND PREPARATIONS AND CANDLES

All nuts and preparations

RUBBER AND PLASTIC MANUFACTURES OF

Boots, slippers and shoes
Slippers and shoes, part of which is made of rubber or plastic
Shoe uppers and rubber soles for rubber shoes
Auto seat covers
Rubber (raw, in the form of crepe sheet, smoked sheet and latex)

WOOD, BAMBOO, RATTAN, REEDS AND MANUFACTURES OF APPLIANCES, ELECTRICAL

Washing machines
Vacuum cleaners, stoves
All household refrigerators, water coolers

MISCELLANEOUS

Lighters for cigars and cigarettes
Chewing gums
Matches
Candles
Iron, steel, wooden and chrome desks, chairs, beds, trunks, tables, bookcases, lockers cabinets. Medical, dental and hospital equipment not included.
Alcohol, denatured
Shells and manufactures
Mechanical pencils, fountain-pens and desk writings sets
Sugar
Nails (common wire and finishing, form size 1" to 5" inclusive)
Cement (Portland)
Vegetable (in any form) except potatoes
Pineapples (canned)
Metal trunks and suitcases
Abalone
Feathers and downs
Horns, ivory and bone

Wool and straw hats
Marble (blocks, slabs and all other forms)
Ceramic tiles
Asphalt tiles
Linoleum
Silk screen posters for advertising purposes
Ash trays of whatever kind or material
Celluloid manufactures of any kind (except films of all kinds)
Brooms
Hair brushes
Cement sideboards, tiles and pipes
Motorboats, except for commercial purposes
Sailing vessels, except for commercial purposes

NO. 20

December 9, 1949

RESTRICTIONS ON GOLD AND FOREIGN EXCHANGE TRANSACTIONS

1. Pursuant to the provisions of Republic Act No. 265 (Central Bank Act) the Monetary Board, by unanimous vote and with the approval of the President of the Philippines, and in accordance with Executive and International Agreements to which the Republic of the Philippines is a party, hereby restricts sales of exchange by the Central Bank and subjects all transactions in gold and foreign exchange to licensing by the Central Bank.

2. Transactions in the assets described below and all dealings in them of whatever nature, including, where applicable, their exportation and importation, shall not be effected, except with respect to deposit accounts included in subparagraphs (b) and (c) of this paragraph, when such deposit accounts are owned by, and in the name of, banks.

(a) Any and all assets, provided they are held through, in, or with banks or banking institutions located in the Philippines, including money, checks, drafts, bullions, bank drafts, deposit accounts (demand, time and savings), all debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers and investment houses, notes, debentures, stocks, bonds, coupons, bank acceptances, mortgages, pledges, liens or other rights in the nature of security, expressed in foreign currencies, or if payable abroad, irrespective of the currency in which they are expressed, and belonging to any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation residing or located within the Philippines;

(b) Any and all assets of the kinds included and/or described in subparagraph (a) above, whether or not held through, in, or with banks or banking institutions, and existent within the Philippines, which belong to any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation not residing or located within the Philippines;

(c) Any and all assets existent within the Philippines including money, checks, drafts, bullions, bank drafts, all debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers and investment houses, notes, debentures, stocks, bonds, coupons, bank acceptances, mortgages, pledges, liens or other rights in the nature of security, expressed in foreign currencies, or if payable abroad, irrespective of the currency in which they are expressed, and belonging to any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation residing or located within the Philippines.

3. No foreign payments may be effected, except for merchandise imports (including costs, insurance and freight) not sent on consignment or open account or against D/P and D/A collection bills, and provided that the provisions of Executive Order No. 295 and Central Bank Circular No. 19 of November 17, 1949 have been duly complied with.

4. (a) All receipts of foreign exchange shall be sold daily to the Central Bank by those authorized to deal in foreign exchange. All receipts of foreign exchange by any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation shall be sold to the authorized agents of the Central Bank by the recipients within one business day following the receipt of such foreign exchange. Any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation, residing or located within the Philippines, who acquires on and after the date of this Circular foreign exchange in whole or in part, nor receive less than its full value, nor delay making ownership thereof except as such delay is customary; provided, further, that within one day upon taking ownership, or receiving payment, of foreign exchange the aforementioned persons and entities shall sell such foreign exchange to designated agents of the Central Bank.

(b) No person, firm, partnership, association, branch office, company or other unincorporated body or corporation residing or located within the Philippines shall purchase foreign exchange directly or indirectly, except from or through authorized agents of the Central Bank.

(c) Any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation, residing or located within the

Philippines, desiring and/or intending to export goods, merchandise and/or commodities from the Philippines, if collection of the proceeds of the sale thereof is not to be handled by or through a bank in Manila which is authorized to deal in foreign exchange, shall, prior to shipment, obtain a license from the Central Bank of the Philippines which will have the purpose of insuring the lawful disposal of the foreign exchange proceeds of the goods, merchandise and/or commodities exported.

5. No debt, obligation or liability expressed in foreign currencies, or if payable abroad, irrespective of the currency in which it is expressed, shall be incurred from the date of this Circular for the purpose of effecting a transaction or transactions other than those specifically authorized by this Circular, except that in the normal course of business such debt, obligation or liability may be incurred for imports permitted under paragraph 3 above.

6. Within 60 days after the date of issue of this Circular all persons, firms, partnerships, associations, branches, agencies, companies or other unincorporated bodies or corporations residing or located in the Philippines holding, owning or having an interest in the assets described in paragraph 2 above shall submit complete information concerning such assets to the Central Bank; those residing or located outside the Philippines shall submit this information to the Central Bank within 180 days after the date of this Circular. Appropriate forms on which to submit the required information will be issued by the Central Bank, and notice is hereby given that this information will apply to the status of the relevant assets as of December 9, 1949.

7. All banks incorporated or licensed to operate in the Philippines are hereby designated as agents of the Central Bank and as such are hereby authorized to deal in foreign exchange as permitted by the terms of this Circular, or in those which may be issued hereafter.

8. Strict observance of the provisions of this Circular is enjoined; and any person, firm or corporation, foreign or domestic, who, being bound to the observance thereof, or of such other rules, regulations or directives as may hereafter be issued in implementation of this Circular, shall fail or refuse to comply with, or abide by, or shall violate the same, shall be subject to the penal sanctions provided in the Central Bank Act.

9. Further regulations in respect to transactions covered by this Circular will be issued separately.

NO. 21

GOLD REGULATIONS

January 10, 1950

SECTION 1.

This Circular supersedes Central Bank Circular No. 13, dated March 3, 1949 and Central Bank Memorandum on licensing of all dealings in gold, dated Decem-

ber 14, 1949. As used herein the term "person" means an individual, partnership, association, corporation or other organization.

SECTION 2. *Sales to the Central Bank of Gold Purchased in the Philippines.*

All persons engaged in the Philippines in extracting gold and/or gold-bearing metals shall, before the end of each calendar month, sell to the Central Bank at least 25% of the gold content of all gold and/or gold-bearing metals extracted during the preceding calendar month, starting with the gold output of December 1949. The gold shall be refined to at least 0.999 fine and the price shall be ₱70.00 per ounce of such fineness.

On or before the tenth day of each calendar month, all such persons shall file with the Central Bank reports showing in detail the exact amounts of all gold and/or gold-bearing metals extracted during the preceding calendar month, and the quantity of gold on hand at the end of the month. The first report shall cover December 1949.

SECTION 3. *Purchase and Sales in the Philippines of Gold Other Than Imported Gold*

Purchases and sales of gold and/or gold-bearing metals situated in the Philippines, other than gold imported into the Philippines on or since March 3, 1949, may hereafter, without specific license from the Central Bank, be made by and between Philippine residents only.

SECTION 4. *Export of Gold*

Any person desiring to export gold in any form, including jewelry, whether for refining abroad or otherwise, must obtain a license from the Central Bank. Applicants for export licenses must present satisfactory evidence that the import of the gold into the country of the importer will not be violation of the rules and regulations of such country.

SECTION 5. *Import of Gold*

Gold, in any form, including jewelry, may be imported only for industrial and artistic purposes, and any person desiring to import gold must secure a license from the Central Bank. The issuance of licenses will be subject to the following conditions:

- (a) The applicant must present satisfactory evidence that the proposed transaction is not in violation of the rules and regulations of the exporting country;
- (b) The applicant must present documentary evidence of the name and address of the seller and the amount of gold the applicant has contracted to buy;
- (c) The gold to be imported must be declared with the Bureau of Customs upon arrival;

(d) Immediately after release by the Customs authorities, the gold must be deposited with the Central Bank, to be withdrawn from time to time as needed. Application for each withdrawal shall be submitted to the Cashier of the Central Bank;

(e) Domestic sales of such gold shall be made only to actual users of the metal for industrial and artistic purposes, including jewelers, goldsmiths and dentists;

(f) The gold must be sold at not more than ₦70.00 per troy ounce of fine gold, plus reasonable handling charges; and

(g) The importer must submit to the Central Bank, at the end of every month, certified reports in duplicate containing the names and addresses of the buyers, their business, dates of sale, quantity and purpose of purchase, and the quantity of gold on hand at the end of the month.

Amendment to Central Bank Circular No. 21

February 3, 1950

Section 5, paragraph 1, of Central Bank Circular No. 21, dated January 10, 1950, entitled "Gold Regulations", is hereby amended to read as follows:

"Section 5. Import of Gold

Gold in any form, *EXCLUDING* jewelry, may be imported only for industrial and artistic purposes, and any person desiring to import gold must secure a license from the Central Bank. The issuance of licenses will be subject to the following conditions: x x x x"

CENTRAL BANK OF THE PHILIPPINES

Manila

EXCHANGE CONTROL OFFICE

NOTIFICATION TO AUTHORIZED AGENTS NO. 1 December 31, 1949
Subject: *Peso Assets of Non-Residents*

This is to advise that all dealings in or with respect to assets described in Paragraph 2 of Central Bank Circular No. 20 of December 9, 1949, which are expressed in pesos and which belong to any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation, including banks, not residing or located within the Philippines are subject to license.

NOTIFICATION TO AUTHORIZED AGENTS NO. 2 December 31, 1949
Subject: *Forward Exchange Contracts Entered Into Prior to December 9, 1949.*

The position of the Exchange Control Office with respect to the fulfillment of forward exchange contracts entered into prior to December 9, 1949, is set forth in a letter dated December 29, 1949, in response to an inquiry. The relevant portions of such letter are as follows:

"It is the policy of the Exchange Control Office to permit fulfillment of forward exchange contracts entered into by Philippine residents prior to December 9, 1949. This does not mean, however, that the buyer of foreign exchange under such a contract is automatically permitted to remit the exchange abroad. As far as remittance of cost of imports, profits, etc. are concerned, you should file an appropriate application with the Exchange Control Office.

"In order to enable the Exchange Control Office to pass on your application, you should submit all relevant information such as profit and loss statements for the years 1948 and 1949 and a detailed list of all remittances made by you during those two years indicating specially the amounts remitted to cover cost of imports, profits, etc."

NOTIFICATION TO AUTHORIZED AGENTS NO. 3 December 31, 1949
Subject: *Dividends Declared by Philippine Companies*

In the case of applications to remit to stockholders resident outside of the Philippines dividends declared by companies resident in the Philippines, it will be necessary for the companies declaring the dividends to submit the following information to the Exchange Control Office:

1. A complete list of stockholders resident outside of the Philippines to whom the dividend is payable, indicating specifically the residence of each stockholder as of December 9, 1949 and the amount of the dividend payable to each stockholder.

2. Detailed profit and loss statements and statements of the surplus account of the resident Philippine company declaring the dividend for the year in which the dividend is declared and for the two preceding years. All such statements must be signed by an authorized officer of the company. The statements for the current dividend year must also be certified by a certified public accountant.
3. The dividend rate of the dividend in question.
4. A complete list of all dividends declared in the two preceding years, indicating specifically the rate and amount of each dividend.

NOTIFICATION TO AUTHORIZED AGENTS NO. 4 December 31, 1949

Subject: *Remittance of insurance premia on non-peso life insurance policies in force as of December 9, 1949*

It is the policy of the Exchange Control Office to grant applications for licenses to remit to non-resident life insurance companies premia payable under non-peso policies in force as of December 9, 1949. Application to remit premia should be filed with the Exchange Control Office.

All life insurance companies are required to submit to the Exchange Control Office not later than January 15, 1950, a report executed under oath containing the following information with respect to each non-peso policy in force as of December 9, 1949:

1. Name of policy holder
2. Citizenship of policy holder
3. Present residence of policy holder
4. Type of policy
5. Face amount of policy and currency in which expressed
6. Date issued
7. Amount of premium (Indicate if payable quarterly, semi-annually or annually)
8. Cash surrender value, if any
9. Lien on the policy on account of loans, etc.
10. Monthly remittances made on account of premiums on these non-peso policies from January 1, 1949 to December 9, 1949.

Attention is invited to the fact that under Central Bank Circular No. 20, dated December 9, 1949, no new non-peso policies may be written nor existing peso policies converted into non-peso life insurance policies without the prior approval of the Exchange Control Office. For the present such applications will not be entertained.

NOTIFICATION TO AUTHORIZED AGENTS NO. 5 December 31, 1949

Subject: *Foreign Currency Accounts of Diplomatic Missions*

Authorized agents may, without specific approval of the Exchange Control

Office, open and maintain foreign currency accounts to which remittances received from abroad by embassies, legations and consulates located in the Philippines may be credited and against which official remittances by such embassies, legations and consulates may be charged. These accounts may not without prior approval of the Exchange Control Office be used in any way for receipts or disbursements for account of Philippine residents. However, foreign exchange held in any such account may be sold to an authorized agent for peso.

Authorized agents should promptly notify the Exchange Control Office of the opening of such accounts.

NOTIFICATION TO AUTHORIZED AGENTS NO. 6 December 31, 1949

Subject: *Information required in connection with application to remit cost of goods received on open, branch and/or consignment basis.*

All persons, firms and companies in the Philippines doing business with persons, firms and companies located outside the Philippines on open, branch and/or consignment basis who desire to apply for a license to remit the cost of such goods should submit the following information to the Exchange Control Office not later than January 15, 1950:

- A. Goods received and sold from January 1 to December 8, 1949, both dates inclusive —
 - a. Invoice date and invoice number
 - b. Description of goods received
 - c. Invoice value of goods received
 - d. Invoice value of goods sold
 - e. Sales proceeds of goods sold
 - f. A statement as to whether or not the goods are included in the list appended to Executive Order No. 295, as amended. (If included, state the amount of quota and the unused balance of quota.)
- B. Goods received from January 1 to December 31, 1949, both dates inclusive but sold after December 8, 1949 —
 - a. Invoice date and invoice number
 - b. Description of goods
 - c. Invoice value of goods on hand at the beginning of business day, December 9, 1949
 - d. Invoice value of goods received from December 9, to 31, 1949
 - e. Sales proceeds of goods sold from December 9 to December 31, 1949
 - f. Invoice value of goods on hand at the close of business, December 31, 1949
 - g. A statement as to whether or not the goods are included in the list appended to Executive Order No. 295, as amended. (If included, state the amount of quota and the unused balance of quota.)

C. Remittances made to creditor —

- a. Amount of each remittance made during the year 1949
- b. Dates of such remittances
- c. The balance owing to creditor immediately before each remittance
- d. The bank through which the remittance was made in each case.

The information requested with respect to the period January 1, 1949 to December 8, 1949, both dates inclusive, should be reported on E. C. Form No. 301; the information with respect to the period December 9 to December 31, 1949, both dates inclusive, should be reported on E. C. Form No. 302. Any person, firm or company desiring to remit the cost of goods sold at any time during 1949 must file a report on both forms. These report forms must be executed under oath.

Copies of the forms are transmitted to you herewith. Additional copies may be obtained from the Exchange Control Office.

The Exchange Control Office will give priority to the consideration of applications to remit the cost of goods sold from December 9 to December 31, 1949, both dates inclusive.

NOTIFICATION TO AUTHORIZED AGENTS NO. 7 December 31, 1949

Subject: *New Forward Exchange Contracts*

Authorized agents of the Central Bank may, without the specific approval of the Exchange Control Office, enter into contracts with their customers, residing or located in the Philippines, for the forward sale of exchange provided that the following terms and conditions are complied with:

(a) In 1949, the resident customer has had one or more forward exchange contracts with the authorized agent to whom the application is made.

(b) The contract will terminate not more than 60 days from its date.

(c) The amount of the contract together with outstanding contracts with the same customer for the sale of exchange does not exceed \$25,000 or its equivalent in other foreign currencies.

(d) The contract relates to a firm commercial commitment entered into by the applicant for the purchase at a fixed or minimum price of a stated or minimum amount of goods to be imported into the Philippines on terms providing for delivery and payment not later than the maturity of the contract, and provided that the provisions of Executive Order No. 295, as amended, and Central Bank Circular No. 19 have been complied with.

(e) The contract covers not more than the overall exchange risk to which the resident would be exposed. If the customer has outstanding commitments involving both the receipt and payment of foreign exchange only the net shortage of exchange will be covered by the exchange contract.

Applications for permission to enter into forward exchange contracts shall be filed on E. C. Form No. 106. Copies of this form are attached herewith. Additional copies may be obtained from the Exchange Control Office. This form should be accomplished in quadruplicate.

A copy of each approved application should be forwarded by the authorized agent to the Exchange Control Office not later than the day following the date of approval.

Application for permission to enter into forward exchange contracts in excess of \$25,000 must be presented directly to the Exchange Control Office.

NOTIFICATION TO AUTHORIZED AGENTS NO. 8 January 3, 1950
Subject: *Applications for License to Buy Foreign Exchange*

Effective immediately, applications for license to buy foreign exchange will be received by the Exchange Control Office only after the following have been complied with:

A. *Applications by authorized agents to purchase exchange from the Central Bank —*

1. Applications should be made on EC Form No. 101.
2. Every application should be supported by the following documents:
 - a. Statement of Foreign Currency Assets and Liabilities (EC Form No. 101-A) as of the close of business on the date immediately preceding the date of application.
 - b. Schedules to support the following items in the Statement of Foreign Currency Assets and Liabilities:
 - (1) Due from correspondent banks, showing name of each bank and balance of each account.
 - (2) Due to correspondent banks, showing name of each bank and balance of each account.
 - (3) Forward purchases, showing names of sellers, amounts, and dates of delivery.
 - (4) Forward sales, showing names of buyers, amounts, and dates of delivery.
 - c. Schedule of letters of credit opened since last purchase of exchange from the Central Bank showing:
 - (1) L/C No.
 - (2) Name of applicant
 - (3) Name and address of beneficiary
 - (4) Foreign currency amount of L/C
 - (5) Brief description of merchandise covered
 - (6) Amount of marginal or guarantee deposit made

(7) Import license number, if any

(8) Expiry date of import license

(Where a bank has not purchased foreign exchange from the Central Bank since December 9, 1949, only letters of credit opened since that date should be reported.)

d. Schedule of unremitted proceeds of inward bills received for collection as of the date immediately preceding the date of application showing:

(1) Name of importer, consignee or drawee

(2) Name of drawer

(3) Amount of bill in foreign currency

(4) Import license number, if any

(5) Expiry date of import license, if any

B. *Applications for license to buy foreign exchange from authorized agents*

1. *Applications for the purchase of exchange to pay for imports —*

a. Applications should be made on EC Form No. 102

b. Each application should be accompanied by a certificate from the Import Control Board, EC Form No. 102-A.

2. *Applications for the purchase of exchange for travel expenses —*

a. Applications should be made on EC Form No. 103-1.

b. Each application should be accompanied by the following:

(1) Itemized statement of probable expenses;

(2) Passport information;

(3) Tax Clearance Certificate from the Bureau of Internal Revenue; and

(4) Other pertinent data that will assist the Exchange Control Office in considering the application.

3. *Applications for the purchase of exchange for educational, medical, living, and other expenses of similar nature —*

a. Applications should be made on EC Form No. 103-2. In this connection, attention is invited to item No. 8 in the application form which must always be filled in.

b. Applications for exchange for educational expenses should be accompanied by the following:

(1) Itemized statement of probable expenses indicating estimated periodic expenditures.

(2) School registration card or school attendance certificate.

(3) Passport information in cases where the student carries a passport.

- (4) Other pertinent data that will assist the Exchange Control Office in considering the application.
- c. Applications for exchange for medical expenses should be accompanied by the following:
 - (1) Itemized statement of probable expenses indicating estimated periodic expenditures.
 - (2) A statement from the attending physician as to the need for hospitalization and probable medical and/or hospital expenditures to be incurred.
 - (3) If beneficiary is already abroad, a statement from the attending physician and/or hospital showing the itemized actual or probable expenses to be incurred during the given period.
 - (4) Other pertinent data that will assist the Exchange Control Office in considering the application.
4. *Applications for exchange for miscellaneous purposes —*
 - a. Applications should be made on EC Form No. 104. Applications under this category should cover remittances on account of:
 - (1) Donations and gifts to persons or institutions abroad.
 - (2) Payment for miscellaneous services rendered.
 - (3) Payment of interest on obligations.
 - (4) Payment for assets acquired.
 - (5) Payment for insurance premia, loans on insurance policies, etc.
 - (6) Remission of dividends and branch profits.
 - (7) Taxes due abroad, and
 - (8) Other remittances not covered by applications under other categories.
 - b. Every application should be supported by documents, statements, and other data as required by the Exchange Control Office.
- C. Applications will be received through the mails or from 9:00 A.M. to 12:30 P.M. Monday through Saturday at the Receiving Section of the Exchange Control Office.

NOTIFICATION TO AUTHORIZED AGENTS NO. 9

January 3, 1950

Subject: *Travel*

The following rules apply to travelers:

1. *Philippine residents. —*

- (a) A resident of the Philippines desiring to leave the Philippines taking

with him any foreign exchange, in whatever form, or Philippine currency or coin must obtain a license from the Exchange Control Office, unless he is an officer, official or employee of a foreign government or of an international organization and has been accorded diplomatic privileges by the Philippine Government.

Applications for such licenses should be filed with the Exchange Control Office on E. C. Form No. 103-1. At the time of his departure from the Philippines, any resident taking with him any foreign exchange or Philippine currency or coin must surrender to the Customs authorities at the port of departure an appropriate license granted to him by the Exchange Control Office.

(b) A resident of the Philippines entering the Philippines from abroad must, within one day after his arrival, sell to an authorized agent all foreign exchange, in whatever form, which he brought with him.

(c) All Philippine residents entering or departing from the Philippines at Manila on or after January 15, 1950 and at other Philippine ports on or after February 1, 1950 shall at the time of each entry and departure execute a declaration on appropriate E. C. Form. (E. C. Form No. 303 will be executed by residents entering the Philippines. E. C. Form No. 304 will be executed by residents departing from the Philippines.)

2. *Visitors* --

A non-resident on a temporary visit to the Philippines does not need a license to take him on leaving the Philippines foreign currency, coin or traveler's checks up to the amount brought into the Philippines by him, less the amount of his expenses in the Philippines during such journey or visit from the funds brought into the Philippines.

(a) Every visitor entering the Philippines at Manila on or after January 15, 1950, and on or after February 1, 1950 at other Philippine ports, shall, at the time of entry, execute a declaration on E. C. Form No. 305. This declaration will be stamped by the Customs authorities and one copy thereof will be delivered to the visitor.

(b) During his stay in the Philippines, the visitor may only sell the foreign currency, coin or traveler's checks to an authorized agent.

(c) At the time of his departure from the Philippines, the visitor must complete his declaration on E. C. Form No. 305, showing the amount of foreign currency, coin or traveler's checks sold to authorized agents during his stay and the amount he is taking with him, and must surrender this declaration to the Customs authorities at the port of departure. The declaration form includes a certification by the visitor that all sales of foreign currency, coin or traveler's checks during his stay in the Philippines have been made to an authorized agent.

NOTIFICATION TO AUTHORIZED AGENTS NO. 10 January 7, 1950

Subject: *Payments for Imports*

1. This notification supersedes Central Bank Circular dated December 14, 1949 entitled "Payments for Imports", and is effective immediately.

2. Without the specific approval of the Exchange Control Office, no payment for imports may be effected except as permitted by the terms hereof.

3. Authorized agents of the Central Bank may, without the specific approval of the Exchange Control Office, sell foreign exchange needed to pay for imports in the following categories of cases and under the terms and conditions set forth herein:

- A. For payment of import bills drawn in respect to imports which prior to December 9, 1949, were contracted for, in transit inland, afloat, or in docks.
- B. For payment of import bills drawn under letters of credit issued from December 9, 1949 to January 7, 1950, both dates inclusive;
- C. For payment, of import bills drawn under letters of credit issued after January 7, 1950, in respect to articles which are subject to the provisions of the Import Control Law and the Orders and Regulations issued thereunder;
- D. For payment of import bills drawn under letters of credit issued after January 7, 1950, in respect to articles which are not subject to the provisions of the Import Control Law and the Orders and Regulations issued thereunder, provided that:
 - (1) The letter of credit under which the import bill has been drawn was issued by an authorized agent to a customer resident or located in the Philippines who, in 1949, had obtained letters of credit from the same authorized agent, and
 - (2) The aggregate amount of the letter of credit under which the import bill has been drawn and of all other letters of credit issued during the same calendar month by the same authorized agent to the same customer did not exceed 6 per cent of the total amount of all letters of credit issued by the same authorized agent to the same customer during the calendar year 1949 in connection with the import of articles not subject to the provisions of the Import Control Law and the Orders and Regulations issued thereunder.
- E. The following additional requirements must be complied with in connection with the classes of transactions described in sub-paragraphs A, B, C, and D above:

- (1) In each case under sub-paragraphs A, B, C, and D, above the customer purchasing foreign exchange must satisfy the authorized agent that the amount of exchange purchased does not exceed the true C. I. F. cost of the goods for which settlement is being made, that foreign exchange to pay for such goods has not otherwise been provided for, and that payment for such goods has not been made in any other manner.
- (2) With respect to transactions effected under sub-paragraphs A, B, C, and D above, the authorized agents effecting such transactions are required to submit to the Central Bank separate weekly schedules with respect to each class of transactions, indicating, in the case of each transaction, the names of the importer and drawer, the amount and kind of foreign exchange in which the import bill was drawn, and the dates on which such goods were contracted for and shipped from the point of origin. In the case of transactions effected under sub-paragraphs A, B, and C, above, the schedules must also indicate the import license number and expiry date of the license if such a license was required.
- (3) Authorized agents effecting transactions permitted under sub-paragraphs A, B, and C above shall satisfy themselves that the provisions of the Import Control Law and the Orders and Regulations issued thereunder, as well as Central Bank Circular No. 19 dated November 17, 1949, have been duly complied with wherever applicable.

4. This notification authorizes the sale of foreign exchange only for the purpose of making settlement for imports as provided herein. It does not authorize the sale of exchange for forward delivery nor the sale of exchange in settlement for imports which are covered by exchange acquired under duly authorized contracts for forward exchange or other form of permitted settlement. (See Notifications to Authorized Agents No. 2 and 7, dated December 31, 1949).

Persons desiring to engage in transactions not provided for or specifically authorized by this Notification should file an application for license with the Exchange Control Office.

AMENDMENT TO NOTIFICATION TO AUTHORIZED AGENTS NO. 10 JANUARY 16, 1950

Sub-paragraphs 3D (1) and (2) of Notification to Authorized Agents No. 10 are hereby amended to read as follows:

“(1) The letter of credit under which the import bill has been drawn was issued by an authorized agent to a customer resident or located in the Philippines, who in 1949, had obtained letters of credit from the same authorized agent

or for whom the same authorized agent had received for collection D/P and D/A drafts, and

“(2) The aggregate amount of the letter of credit under which the import bill has been drawn and of all other letter of credit issued during the same calendar month by the same authorized agent to the same customer did not exceed 6 per cent of the total amount of all letters of credit issued by the same authorized agent to the same customer and used by the customer plus all D/P and D/A drafts drawn on the same customer and received for collection by the same authorized agent during the calendar year 1949 in connection with the import of articles not subject to the provisions of the Import Control Law and the Orders and Regulations issued thereunder. (In any calendar month letters of credit may be issued up to the amount of the 6 per cent allotment for that month plus any unused portions of the allotment for the two immediately preceding calendar months. The 6 per cent calendar monthly allotment may not, however, be used in advance.)”

SECOND AMENDMENT TO NOTIFICATION TO AUTHORIZED AGENTS NO. 10 FEBRUARY 18, 1950

Section 3A of Notification to Authorized Agents No. 10 dated January 7, 1950 entitled “Payments for Imports” is hereby revoked. Section 3A provided as follows:

“For payment of import bills drawn in respect to imports which prior to December 9, 1949, were contracted for, in transit inland, afloat, or in docks.”

Any importer hereafter desiring to make any payment on account of goods contracted for, in transit inland, afloat, or in docks prior to December 9, 1949 outside of his 1950 monthly allotment of exchange must first obtain a license from the Exchange Control Department.

NOTIFICATION TO AUTHORIZED AGENTS NO. 11 January 11, 1950

Subject: *Declaration of Foreign Exchange Assets of Residents and Non-residents*

1. In accordance with the provisions of Central Bank Circular No. 20 dated December 9, 1949, Philippine residents and non-residents are required to declare their foreign exchange assets as of December 9, 1949 in the following manner:

a. Residents must report on EC Form No. 306:

- (1) All assets located in the Philippines and expressed in foreign currency, whether held directly, or through in or with a bank or banking institution located in the Philippines, or otherwise, and
- (2) All assets, whether expressed in Philippine pesos or in a foreign currency, situated abroad and held through, in, or with a bank or banking institution located in the Philippines.

- b. Non-residents must report on EC form No. 307, all assets located in the Philippines, whether expressed in Philippine pesos or in a foreign currency, regardless of the manner in which they are held.

(EC Forms No. 306 and 307 supersede EC Form No. 1)

2. Assets to be declared include money, checks, drafts, bank drafts, deposit accounts (demand, time and savings), all debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers and investment houses, notes, debentures, stocks, bonds, coupons, bank acceptances, mortgages, pledges, liens, or other rights in the nature of security.

3. The terms "Bank" and "Banking institutions" as used in Central Bank Circular No. 20 shall include any person engaged primarily or incidentally in the business of banking, of granting credits or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or securities brokers.

4. Term "resident" shall include any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation residing or located within the Philippines.

5. Declarations of residents on EC Form No. 306 must be submitted to the Exchange Control Office on or before February 9, 1950.

6. Declarations of non-residents on EC Form No. 307 must be submitted to the Exchange Control Office on or before June 9, 1950.

NOTIFICATION TO AUTHORIZED AGENTS NO. 12 January 11, 1950

Subject: *Application of Intending Emigrants*

Foreign exchange applications by Philippine Nationals or persons domiciled in the Philippines intending to proceed to another country for permanent settlement should be filed on EC Form No. 104. Each applicant must also furnish the Exchange Control Office the information specified on EC Form No. 104-A.

NOTIFICATION TO AUTHORIZED AGENTS NO. 13 January 12, 1950

Subject: *Resident non-Philippine Citizens*

1. Individuals who are residents of the Philippines and who are citizens of foreign countries and not also Philippine citizens are hereby exempted from the provisions of Central Bank Circular No. 20, dated December 9, 1949, with respect to:

(a) The sale to an authorized agent of foreign exchange *received or acquired* on or since December 9, 1949, or on or since the date on which the foreign citizen became a Philippine resident, whichever is later, *otherwise than*

- I. from a resident;
- II. from a sale of Philippine securities;

- III. from a sale of goods exported or to be exported from the Philippines;
- IV. from a sale of property acquired from a resident subsequent to December 9, 1949, or the date which the foreign citizen became a resident, whichever is later; or
- V. in the course of business carried on in the Philippines.

(b) Property, including bank balances, physically situated elsewhere than in the Philippines on or prior to December 9, 1949, or the date on which the foreign citizen became a resident, whichever is later, or acquired subsequent to that date from a non-resident, and foreign payments, transfer and other dealings with non-residents involving such property.

2. The exemption granted to resident foreign citizens under this Notification *does not*:

(a) Authorize any resident foreign citizen to hold, directly or indirectly or otherwise deal with the property of any other resident of the Philippines who has not been granted a similar exemption;

(b) Authorize any resident foreign citizen to buy foreign exchange from or sell, transfer or otherwise surrender foreign exchange to any one in the Philippines other than an authorized agent or otherwise than as provided in Central Bank Circular No. 20 or regulations, notifications, rulings, instructions, or licenses issued thereunder; or

(c) Authorize any resident foreign citizen to purchase, in the Philippines or elsewhere, any Philippine securities from or owned by a non-resident or otherwise than as provided in Central Bank Circular No. 20 or regulations, notifications, rulings instructions, or licenses issued thereunder.

3. The Exchange Control Office may at any time require any person claiming the exemption granted by this Notification to present a certificate of identity and registration issued by an appropriate foreign consul in the Philippines and a description of the property and source of the foreign exchange for which exemption is claimed.

NOTIFICATION TO AUTHORIZED AGENTS NO. 14 January 13, 1950

Subject: *Applications to remit cost of goods received on open, branch and/or consignment basis.*

The policy of the Exchange Control Office with respect to applications of this kind is set forth in the following excerpts from a letter recently sent by the Exchange Control Office to an applicant:

"The Exchange Control Office is in the process of formulating a policy concerning the sale of foreign exchange for remittances of the cost of goods received on open, branch and/or consignment basis prior to December 9, 1949

by individuals and firms in the Philippines. In order to determine its policy in this regard, the Exchange Control Office has required all such persons and firms to submit not later than January 15, 1950 detailed information concerning their operations in this regard. (See Notification to Authorized Agents No. 6, copy attached). It is the desire of the Exchange Control Office to formulate an equitable policy applicable to all persons and firms similarly situated. Accordingly, it will not be possible to reach a definitive conclusion on this matter until the reports required by Notification to Authorized Agents No. 6 have been submitted by all persons and firms. It is not, therefore, possible at this time to act on your application.

As indicated in Notification to Authorized Agents No. 6, however, the Exchange Control Office is prepared to act now upon applications to remit cost of goods sold from December 9-31, 1949. If you desire to submit such an application accompanied by information required on E. C. Form 302, this Office will be glad to give prompt consideration thereto."

"In view of the necessity of conserving the foreign exchange reserves of the Philippines, it is suggested that before entering into commitments in 1950 you apply to the Exchange Control Office for amounts of exchange which you estimate you will need in each month, separating the estimated requirements as to the actual c.i.f. cost of goods received and payments of royalties, profits, etc. to be made. The Exchange Control Office will then determine the amount of exchange which it will make available to you during the month in question for the purposes indicated. In this connection, I should like to indicate that the amount of exchange which may be made available to you at least during the early months of 1950 will be somewhat smaller than the average monthly remittances made by you in 1949. In order to prevent undue delay and interference with your business it is suggested that your applications for monthly licenses be submitted sufficiently before the first of each month to permit action by the Exchange Control Office."

It will be appreciated if this matter is brought to the attention of your customers.

NOTIFICATION TO AUTHORIZED AGENTS NO. 15 January 26, 1950
Subject: *Foreign Exchange for Travel*

1. Authorized agents may, on behalf of the Exchange Control Office, issue licenses on E. C. Form No. 51, revised, authorizing the purchase of foreign exchange needed for travel expenditure abroad, provided that all of the terms and conditions set forth herein are complied with:

(a) The applicant is a Philippine resident;

(b) The application is properly executed on E. C. Form No. 103-1 in quadruplicate and contains in addition a declaration by the applicant that he has not applied for foreign exchange for travel to the Exchange Control Office or to any authorized agent since December 8, 1949, and that he will re-sell to an authorized agent all exchange which he has not used;

(c) The application is accompanied by the following:

- (1) Itemized statement of all expenses and itinerary;
- (2) Tax clearance certificate from the Bureau of Internal Revenue; and
- (3) List of dependents accompanying the applicant for whom NO separate application is to be filed.

(d) The applicant is known to the authorized agent or produces satisfactory evidence of his identity;

(e) The proposed date of the applicant's departure from the Philippines is within three weeks from the date of the application;

(f) The authorized agent is satisfied that the funds to be exported are to be used for actual travel and personal expenses in connection with the applicant's temporary stay outside the Philippines. If the authorized agent has reason to believe that the applicant intends to remain indefinitely outside the Philippines, the application must be referred to the Exchange Control Office;

(g) The applicant has exhibited a valid passport (together with foreign visas, when required) enabling him to visit the foreign countries for whose exchange application is made;

(h) The amount approved does not exceed for each day's stay abroad:

- (1) In North, Central and South America: — US \$20 for each person over 16 years of age and US \$10 for each person under 16 years of age; or
- (2) In other countries: — US \$10 for each person over 16 years of age and US \$5 for each person below 16 years of age.

(Instead of U.S. dollars the purchase of an equivalent amount of other currencies may be approved.)

(i) The total amount approved per application does not exceed the equivalent of the maximum permitted daily for a stay of 60 days nor in any case US \$1200; and

(j) Not more than 10%, whichever is higher, of the amount approved may be sold in cash.

2. The sale of foreign exchange shall normally be recorded in the traveler's own separate passport, but where the authorized agent is satisfied that the traveler does not possess a separate passport (e.g., the case of a wife who travels on her

husband's passport) the exchange granted shall be recorded in the joint passport under the authorized agent's stamp and signature. Exchange granted to children not possessing passports shall be recorded in a parent's passport with a note to indicate the particular child or children on whose behalf exchange has been provided; where both parents possess separate passports, the record of the exchange authorized for the children should be made in both passports. If the authorized agent has reason to believe that a traveler possesses more than one passport (e. g., having dual nationality) he shall require the production of both passports and shall record in both the exchange granted.

3. The attention of the applicant shall be drawn to the fact that export of gold in any form, including jewelry, is subject to license.

4. Authorized agents must prepare a license in quadruplicate. The original and a copy of the license together with a copy of the application as approved should be forwarded to the Central Bank the day following the sale of exchange. A copy of the license should be given to the licensee who shall surrender such license to the Bureau of Customs in accordance with Notification to Authorized Agents No. 9. The authorized agent will retain for its file a copy of the license.

5. Travelers may continue to apply directly to the Exchange Control Office for license. They must so apply in all cases not covered by this Notification, including cases of persons who have no passports. In such cases, travelers shall apply for the exchange desired for travel expenditure to the Exchange Control Office only.

6. Licenses issued hereunder by authorized agents shall, for the purposes of Notification to Authorized Agents No. 9, be considered the same as licenses issued directly by the Exchange Control Office.

Amendment To Notification To Authorized Agents No. 15 February 18, 1950
Subject: *Foreign Exchange for Travel*

Effective immediately, paragraph 1 (f) of Notification to Authorized Agents No. 15 is amended to read as follows:

“(f) The authorized agent is satisfied upon the basis of evidence submitted by the applicant that:

- (1) The trip is necessary for the conduct of applicant's business or profession or for reasons of applicant's health or because of accident or illness or death of a close relative of the applicant abroad or because applicant is a foreign national travelling to his own country; and
- (2) The funds to be exported are to be used for actual travel and personal expenses in connection with the applicant's temporary stay outside the Philippines.

If the authorized agent has reason to believe that the trip is for a purpose other than those indicated in (1) above or that applicant intends to remain indefinitely outside the Philippines, the application must be referred to the Exchange Control Department.

The effect of the above-quoted amendment to Notification No. 15 is to terminate the authority of authorized agents to license the purchase of foreign exchange for the purpose of travel abroad for pleasure or personal convenience. For the time being, it will also be the policy of the Exchange Control Office not to issue specific licenses authorizing travel for purposes of pleasure or personal convenience.

(c) The license covers expenses for a period of one year only and the total amount approved per application does not exceed:

(1) A total of \$2,400.00 to cover all living and other expenses of the student for the period of one year from the date of application, less all scholarship allowances for these purposes, and exclusive of tuition fees and other expenses payable to the educational institution in which the student is enrolled, plus;

(2) The amount of tuition fees and expenses due and payable to the educational institution concerned.

(d) The amount of all tuition fees and other expenses payable to the educational institution concerned must be paid direct to the institution. Up to one third of the balance of the funds required by the student may be provided upon his departure from the Philippines and the remainder remitted in monthly or quarterly installments.

2. The sale of foreign exchange shall be recorded in the passports of all students leaving the Philippines for the United States after the date hereof who obtain foreign exchange under this Notification.

3. Approval of an educational travel application by an authorized agent under this Notification exhausts the student's right to foreign exchange for travel under Notification to Authorized Agents No. 15.

4. Authorized agents must prepare license in quadruplicate. The original and a copy of the license together with a copy of the application as approved should be forwarded to the Central Bank, the day following the sale of exchange. In the event that the licensee is taking funds with him upon his departure from the Philippines, a copy of the license should be given to the licensee in order that he may surrender the license to the Bureau of Customs in accordance with Notification to Authorized Agents No. 9. The authorized agent will retain for his file a copy of the license. In cases not covered by this Notification, applications may continue to be filed with the Exchange Control Office.

5. Licenses issued hereunder by authorized agents shall, for the purposes of

Notification to Authorized Agents No. 9 be considered the same as licenses issued directly by the Exchange Control Office.

Amendment To Notification To Authorized Agents No. 17 March 3, 1950

Subject: *Foreign Exchange for expenses of attendance at educational institutions*

In the title of Notification to Authorized Agents No. 17 dated January 23, 1950, entitled "Foreign Exchange for expenses of attendance at educational institutions in the United States", the words "in the United States" are deleted.

In section 1 of this Notification the words "and Europe" are inserted after the words "in the United States".

Section 1 (c) (ii) of this Notification is amended to read as follows: The amount of tuition fees and other expenses due and payable to the educational institution concerned directly connected with education, like laboratory fees, library fees, athletic fees and others of the like imposed by said educational Institution, but excluding board and lodging.

NOTIFICATION TO AUTHORIZED AGENTS NO. 16 January 20, 1950

Subject: *Peso Coins, Currency, Checks and Drafts Abroad*

1. Authorized agents may, without specific approval of the Exchange Control Office, accept on a collection basis only peso coins, currency, checks and drafts brought or sent into the Philippines or offered abroad for redemption but shall not convert any such coins, currency, checks or drafts into any foreign currency, nor credit the account of a non-resident or a resident in connection with such coins, currency, checks or drafts without the specific prior approval of the Exchange Control Office.

2. Authorized agents shall forward to the Central Bank all peso coins, currency, checks and drafts brought or sent into the Philippines or offered abroad for redemption with full details concerning such transactions including the name, address and citizenship of the person who offered them to the authorized agent, either directly or through a foreign bank, the date on which offered, the name and address of the person from whom such peso coins, currency, checks and drafts were acquired, the date of acquisition and whether conversion into foreign currency or the crediting of a peso account is requested.

3. Attention is invited to the fact that under Central Bank Circular No. 20 dated December 9, 1949 peso coins, currency, checks, drafts, etc. may not be taken, sent or otherwise exported from the Philippines without the specific approval of the Exchange Control Office, except as permitted by Notification to Authorized Agents No. 9 dated January 3, 1950 or other Notifications or instructions hereafter issued.

4. Authorized agents are requested to bring this matter to the attention of their offices and/or correspondents abroad.

NOTIFICATION TO AUTHORIZED AGENTS NO. 17 January 23, 1950

Subject: *Foreign Exchange for expenses of attendance at educational institutions in the United States*

1. Authorized agents may, on behalf of the Exchange Control Office, issue licenses on E. C. Form No. 51, revised authorizing the purchase of foreign exchange for all necessary living and educational expenses of residents of the Philippines attending educational institutions in the United States, provided that all of the terms and conditions set forth herein are complied with:

(b) The application is accompanied by the following:

- (1) Itemized statement of probable expenses indicating estimated periodic expenditures;
- (2) School registration card or school attendance certificates;
- (3) Amount and kind of scholarship assistance received from all sources;
- (4) Passport information and visa number;
- (5) A declaration by the applicant that all exchange not used will be re-sold to an authorized agent;
- (6) Other pertinent details.

(a) The application is properly executed on E. C. Form No. 103-2;

NOTIFICATION TO AUTHORIZED AGENTS NO. 18 February 1, 1950

Subject: *Remittance of Life Insurance Premiums and Amounts Due for Real Property Taxes in Foreign Countries.*

Authorized agents may, on behalf of the Exchange Control Office, issue licenses on E. C. Form No. 51, revised, authorizing the purchase of foreign exchange for the purposes indicated below, provided that all of the terms and conditions set forth herein are complied with:

1. *Life insurance premiums on non-peso policies in force as of December 9, 1949.*

- (a) The application is properly executed on E. C. Form No. 104;
- (b) The remittance is to be made directly to the insurance company;
- (c) The applicant presents to the authorized agent satisfactory evidence of the following:

- (1) That the premium is due as evidenced by premium notice exhibited to the authorized agent;
- (2) That the policy insures the life of the applicant;
- (3) That the policy was issued and in force before December 9, 1949, or in the case of persons becoming residents since December 9, 1949, before the date on which the insured became a resident of the Philippines;

- (4) That the applicant has not obtained foreign exchange from any other source to pay the premium in question;
- (5) The applicant's total annual foreign currency commitments for life insurance premiums.

Attention is invited to the fact that under Central Bank Circular No. 20, dated December 9, 1949, no new non-peso policies may be written for Philippine residents nor may existing peso policies of residents be converted into non-peso life insurance policies without the prior approval of the Exchange Control Office.

2. *Real Property Taxes payable in Foreign Countries.*

- (a) The application is properly executed on E. C. Form No. 104;
- (b) The remittance is to be made directly to the taxing authority;
- (c) The applicant presents to the authorized agent satisfactory evidence for the following:
 - (1) A tax bill or other evidence that the taxes are due and payable by the applicant;
 - (2) That the applicant acquired the property before December 9, 1949, or acquired it subsequently by outright gift or under authority from the Exchange Control Office; and
 - (3) That the applicant has not obtained foreign exchange from any other source to pay the taxes in question.

3. *Licenses.*

Authorized agents must prepare licenses issued hereunder in triplicate. The original and a copy of the license together with a copy of the application as approved should be forwarded to the Central Bank on the day following the sale of exchange. The authorized agent will retain for his file a copy of the license. In cases not covered by this Notification, applications shall continue to be filed with the Exchange Control Office.

~~NOTIFICATION TO AUTHORIZED AGENTS NO. 19~~ February 6, 1950
Subject: *Peso Bank Accounts of Non-Residents other than Banks.*

1. This Notification supersedes Notification to Authorized Agents No. 1 dated December 31, 1949, entitled "Peso Assets of Non-Residents", in so far as peso bank accounts of non-residents, other than banks, are concerned.

2. Peso bank accounts existing as of the date of this Notification belonging to any firm, partnership, association, branch office, agency, company or other unincorporated body or entity not residing or located in the Philippines which are only operated by persons in the Philippines (and not by the non-resident owner) may be treated as resident accounts after prior approval by the Exchange Control

Office. Applications to operate such accounts as resident accounts must be filed on E. C. Form No. 107. This form must be accomplished in quadruplicate and submitted to the Exchange Control Office through the authorized agent maintaining the account. This form is an undertaking that neither the applicant nor the firm, partnership, association, branch office, agency, company or other unincorporated body or entity in whose name the account is held will make available to any person or firm, etc. in the Philippines any foreign exchange against payments or credits in pesos, and that any transaction with respect to the account not directly connected with the business in the Philippines of the owner of the account or representing remittances from overseas will be subject to prior approval of the Exchange Control Office.

3. No new peso bank account of a non-resident person, firm, partnership, association, branch office, agency, company or other unincorporated body or entity may be opened without prior approval by the Exchange Control Office. The application for a license to open such an account must be filed on E. C. Form 108 and must include information as to the purpose for which the account is to be maintained and the sources of funds to maintain the peso account.

4. The following credits both to existing and to new peso bank accounts of non-residents other than banks are permitted without prior approval by the Exchange Control Office:

- (a) Transfer from the account of a non-resident bank;
- (b) Dividends and interest on securities owned by the holder of the account;
- (c) Refunds of amounts previously debited overcharged;
- (d) Proceeds of small checks provided the aggregate credits during a calendar month do not exceed ₱1,000.00 and no individual credit is in excess of ₱400.00; and
- (e) Balances of a non-resident switch transaction authorized by E. C. Form X, or proceeds of sales of securities by a non-resident authorized by E. C. Form Y, as described in Section 5 of Notification to Authorized Security Dealers No. 1 dated January 18, 1950.

5. The following debits to such peso bank accounts are permitted without prior approval by the Exchange Control Office:

(a) Local payments in respect of postal and telegraph charges, stamp fees, storage and safe custody charges, bank charges, payments to servants, insurance premia, taxes, allowances to relatives, minor repairs to houses, and other local payments, provided the aggregate debits during a calendar month do not exceed ₱2,000.00 and that no single payment is in excess of ₱200.00; and

(b) Debits in reversal of previous credits.

6. Authorized agents shall render weekly reports on all transactions effected under the terms of this Notification to the Exchange Control Office.

7. For all transactions with respect to these accounts other than those described in this Notification, prior approval by the Exchange Control Office is required.

NOTIFICATION TO AUTHORIZED AGENTS NO. 20 February 6, 1950

Subject: *Sale of Tickets for Pesos*

Authorized agents, airlines, steamship companies and travel companies residing in the Philippines shall sell tickets for travel abroad to Philippine residents for pesos subject to the following conditions:

1. Tickets shall be sold directly to travelers to be used for their own trip only;
2. Refunds on such tickets shall be made in pesos only; and
3. No tickets for travel inland anywhere abroad and no "exchange orders" for tickets may be sold in pesos.

Attention is invited to the fact that foreign exchange needed for travel abroad may be purchased only in accordance with Notification to Authorized Agents No. 15 or specific licenses issued by the Exchange Control Office. Foreign exchange cannot, of course, be used within the Philippines and its disposal by travelers is governed by the provisions of Notification to Authorized Agents No. 9.

NOTIFICATION TO AUTHORIZED AGENTS NO. 21 February 8, 1950

Subject: *Report by Authorized Agents on Foreign Exchange Sold in Payment for Imports*

1. The Exchange Control Office is issuing licenses to purchase foreign exchange to pay for imports on E. C. Form No. 54, besides the old E. C. Form No. 51.

2. The amount of any exchange sold under the license granted on E. C. Form No. 54 must be entered by the authorized agent on the reverse side of the form, and the issuance of each instrument of remittance will be deemed a warranty by the authorized agent that the conditions of the license have been complied with.

3. The original of the license must be forwarded to the Exchange Control Office by the authorized agent upon sale of all exchange licensed thereby and in any case not later than the date designated on the reverse side of the license.

4. Beginning February 11, 1950 authorized agents shall report weekly on E. C. Form No. 309 exchange sold for the payment of imports:

(a) Under ECO license, and

(b) Under authority granted to authorized agents in Notification to Authorized Agents No. 10, as amended.

Subject: *Remittances to Foreign Countries for Living Expenses*

1. This Notification revokes Central Bank Memorandum on Sales of Drafts and Cable Transfers of December 14, 1949.

2. This Notification covers remittances for necessary living expenses made to persons situated in foreign countries and does not apply to remittances for expenses of attendance at educational institutions in the United States by residents of the Philippines.

3. Except as authorized by the Exchange Control Office directly or through authorized agents under the terms of this and other Notifications, remittances to foreign countries for necessary living expenses and the sale of money orders, drafts and cable transfers payable in foreign countries or expressed in foreign currencies, regardless of the amount involved, are prohibited.

4. Authorized agents may, on behalf of the Exchange Control Office, issue licenses on E. C. Form No. 51, revised, authorizing remittances for the necessary living expenses of persons residing in foreign countries, provided that all of the terms and conditions set forth herein are complied with:

(a) The application is properly executed on E. C. Form No. 109, setting forth name (both as registered with the Bureau of Immigration and as used to effect remittances in case the applicant is an immigrant and in case the two are different), address, age, sex, occupation and citizenship of the applicant who must be an adult, and if an alien, the number of his alien registration card and original date of issue, the amount of income earned in 1949, and if the applicant is an employee a certification by the employer of his or her 1949 income, name, address, age and relationship to applicant of relatives or others to whom remittance is to be made, amount of remittances in 1949, bank or other medium through which the remittances were effected, certification of amount remitted by the bank or other medium, and bank or other authorized agent through which the applicant desires to remit in the future.

(b) The application is accompanied by the following:

- (1) Proof that the person to whom the remittance is sought to be made is in fact residing or presently situated in a foreign country. A certification to this effect by the proper consular office or other satisfactory proof of such fact is sufficient.
- (2) A declaration by the applicant stating that neither he, nor his wife (or in the case of a woman, her husband) or any member of his or her household has filed a similar application with the same or any other authorized agent.

5. Licenses issued in accordance with the terms of this Notification will give

the licensee the right to effect one remittance monthly through the authorized agent indicated in the license for necessary living expenses of authorized beneficiaries or dependents of the licensee only with a maximum per month of

- (a) For each beneficiary residing in North, Central or South America \$200.00;
- (b) For each beneficiary residing in Asia \$50.00;
- (c) For each beneficiary residing in other countries \$150.00;
- (d) For remittances outside of Asia the total amount remitted in no event to exceed \$400.00 or 25 per cent of the income earned monthly in 1949, whichever is less, with the understanding that remittances up to \$20 monthly may be effected notwithstanding an income during 1949 of less than \$80 a month; and
- (e) For remittances to Asia the total amount remitted in no event to exceed \$50 or 50 per cent of the income earned monthly in 1949, whichever is less, with the understanding that remittances up to \$20 monthly may be effected notwithstanding an income during 1949 of less than \$40 a month.

6. Authorized agents must prepare licenses in quadruplicate. The original and a copy of the license together with a copy of the application as approved must be forwarded to the Central Bank, the day following its issuance. The authorized agent shall retain for his file a copy of the license and one copy shall be given to the licensee.

7. A license issued in accordance with this Notification will be valid for remittances to only one of the four areas named above.

8. Remittances shall be payable only in the country of residence of the beneficiary.

9. Authorized agents shall report monthly on E. C. No. 310 all remittances effected under this Notification. Such report shall include information on the number of the licenses under which remittances were effected, the amounts remitted and the names and addresses of the beneficiaries.

10. In provinces without banking facilities, post offices are permitted to continue to sell money orders to adult persons in amounts not exceeding ₧25.00, provided that not more than one purchase may be made by any buyer during any calendar month, that the buyer executes a declaration stating that he has not filed an application under the terms of this Notification or Notification to Authorized Agents No. 17, and that the postmaster mails the money order directly to the payee. The buyer shall indicate the purpose for which the money order is being purchased on E. C. Form No. 110, a copy of which shall be forwarded to the Exchange Control Office not later than the day following the date of sale by the post office making the sale.

11. Applications for remittances not covered by this Notification must be filed with the Exchange Control Office.

✓ NOTIFICATION TO AUTHORIZED AGENTS NO. 23 February 10, 1950

Subject: *Exchange for Imports*

1. Unused portions of exchange licenses issued by the Exchange Control Office to pay for imports during January and February will be added to the exchange allocation of the same importer during the next period.

2. Exchange will be made available by the Exchange Control Office for imports during March and April on the same basis as for January and February. (Sec Press Statement dated January 24, 1950)

NOTIFICATION TO AUTHORIZED AGENTS NO. 24 February 13, 1950

Subject: *Accounts of Non-Resident Banks*

This Notification covers accounts of non-resident banks, whether expressed in pesos, U.S. dollars or other foreign currencies. It also supersedes Notification to Authorized Agents No. 1 dated December 31, 1949 entitled "Peso Assets of Non-Residents," in so far as peso accounts of non-resident banks are concerned.

A. *Accounts of Non-Resident Central Banks*

1. Accounts of non-resident central banks held with authorized agents are freely convertible into any other currency and balances of these accounts are freely transferable abroad.

2. The following credits to accounts of non-resident central banks are permitted without prior approval by the Exchange Control Office:

- (a) Transfer from the account of a central bank;
- (b) Refunds of amounts previously debited or overcharged; and
- (c) Proceeds resulting from the sale of U.S. dollars to an authorized agent of the Central Bank.

3. All debits to such accounts are permitted without prior approval by the Exchange Control Office.

B. *Accounts of Non-Resident Commercial Banks*

1. The following credits to accounts of non-resident commercial banks are permitted without prior approval by the Exchange Control Office:

- (a) Transfer from the account of a central bank;
- (b) Refunds of amounts previously debited or overcharged; and
- (c) Proceeds resulting from the sale of U.S. dollars to an authorized agent of the Central Bank.

2. The following debits of such accounts are permitted without prior approval by the Exchange Control Office:

- (a) Transfers to non-resident and resident peso accounts of persons and firms;

(b) Debits in reversal of previous credits.

C. *Reports: Other Transactions*

1. Nothing in this Notification exempt residents from the requirement to sell foreign exchange to authorized agents as stipulated in Central Bank Circular No. 20, dated December 9, 1949 and Notification to Authorized Agents No. 13, dated January 12, 1950.

2. Authorized agents shall render weekly reports on all transactions effected under the terms of this Notification to the Exchange Control Office.

3. For all transactions with respect to these accounts other than those described in this Notification, prior approval by the Exchange Control Office is required.

AMENDMENT TO NOTIFICATION TO AUTHORIZED AGENT NO. 24

April 4, 1950

Subject: *Accounts of Non-Resident Banks*

Section B-1 (d) Credits other than those authorized under (a), (b) and (c) shall be subject to prior license by the Central Bank.

Section B-2, permitting certain debits to the accounts of non-resident commercial banks, without prior approval by the Exchange Control Department, is hereby amended to include the following:

(c) Cash payments to resident persons and firms.

NOTIFICATION TO AUTHORIZED AGENTS NO. 25 February 17, 1950

Subject: *Scope of Exchange Control Regulations*

Attention is invited to the fact that under Central Bank Circular No. 20 of December 9, 1949 *all foreign exchange transactions* are subject to license. (The licensing of gold transactions is governed by Central Bank Circular No. 21 of January 10, 1950.) Certain classes of foreign exchange transactions are specifically described in Circular No. 20 and in various regulations, notifications and instructions issued by the Central Bank. But the requirement of a license or other authorization issued by or on behalf of the Central Bank applies to *all foreign exchange transactions* even though they have not been specifically described. Licenses and authorizations to engage in foreign exchange transactions are issued either by the Exchange Control Department of the Central Bank, or by authorized agents or authorized security dealers.

In general the foreign exchange control regulations affect *all transactions* having international financial implications. The following is a partial list of various classes of transactions which require authorization by or behalf of the Central Bank:

(a) Purchases and sale of, and other dealings in, foreign exchange;

(b) Payments in pesos by residents to, or to accounts of, non-residents,

(c) Exports of coin, currency, checks, drafts, traveler's checks, etc.;

(d) Exports of securities;

(e) Sales, assignment, incumbrance, transfers, and deliveries of securities by residents to non-residents, either in the Philippines or elsewhere, and purchases etc. in the Philippines of securities by non-residents from residents; and

(f) Sales of securities in the Philippines by non-residents and purchases of securities by residents from non-residents, either in the Philippines or elsewhere.

Particular attention is invited to the fact that all of the following transactions are foreign exchange transactions and are, therefore, subject to the Exchange Control regulations:

1. Any dealings in or with respect to assets situated abroad belonging to Philippine residents require the permission of the Exchange Control Department, whether or not such assets are held through, in, or with Philippine banks or banking institutions. (However, such assets are required to be reported under Central Bank Circular No. 20 and Notification No. 11 only if they are held through in, or with Philippine banks or banking institutions. Moreover, under Notification No. 13 resident non-Philippine citizens are permitted to engage in certain transactions with respect to their assets abroad, provided that no other resident is involved directly or indirectly in the transaction.)

2. Except with the prior permission, of the Exchange Control Department, a resident may not, directly or indirectly, make a loan, either in Philippine pesos or foreign currency to a non-resident or incur, acknowledge, guaranty or give security for a debt payable to non-resident either in Philippine pesos or in foreign currency.

3. Unless the permission of the Exchange Control Department is obtained, a resident transferring property to a non-resident is required to obtain immediate payment of the fair value in U.S. dollars or other foreign currency designated by the Exchange Control Department as acceptable therefor.

4. Unless the permission of the Exchange Control Department is obtained, a resident performing for a non-resident (other than a non-resident tourist or a temporary visitor in the Philippines) services of the kind normally performed for remuneration is required to obtain payment of the fair value of the services within 90 days in U.S. dollars or in such other foreign currency as may be designated by the Exchange Control Department as acceptable therefor. (This applies to indentors, commission agents and all other persons and firms performing any kind of services for which they are entitled to receive commissions, fees or other remuneration from non-residents.)

5. Unless the permission of the Exchange Control Department is obtained a resident may not

- (i) Release or fail to take reasonable steps to acquire or recover from a non-resident any property to which the resident is entitled;
- (ii) Grant an unreasonable time for payment of a debt owing by or claim on a non-resident or fail to take reasonable steps to collect such a debt or claim;
- (iii) Unless the permission of the Exchange Control Department is obtained, a resident may not assign to a non-resident any claim on a non-resident unless immediate payment of the fair value is obtained in U.S. dollars or in such other foreign currency as may be designated by the Exchange Control Department as acceptable therefor.
- (iv) A resident may not lease or rent property to a non-resident, including the granting of rights on a royalty basis, unless payment of the fair value is obtained within 90 days in U.S. dollars or such other foreign currency as may be designated by the Exchange Control Department as acceptable therefor.

Particular attention is also invited to the fact that all persons and firms in the Philippines who receive or acquire foreign exchange in any form (coin, currency, checks, drafts, etc.) are required immediately to sell such foreign exchange to an authorized agent of the Central Bank. Failure to do so is punishable by fine and imprisonment.

Section 4(a) of Central Bank Circular No. 20 provides in part:

"all receipts of foreign exchange by any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation shall be sold to the authorized agents of the Central Bank by the recipients within one business day following the receipt of such foreign exchange. Any person, firm, partnership, association, branch office, agency, company or other unincorporated body or corporation, residing or located within the Philippines, who acquires on and after the date of this Circular foreign exchange shall not, unless licensed by the Central Bank, dispose of such foreign exchange in whole or in part, nor receive less than its full value, nor delay taking ownership thereof except as such delay is customary; provided, further, that within one day upon taking ownership, or receiving payment, of foreign exchange the aforementioned persons and entities shall sell such foreign exchange to designated agents of the Central Bank."

Persons or firms violating the Exchange Control regulations are subject to criminal prosecution.

NOTIFICATION TO AUTHORIZED AGENTS NO. 26 February 18, 1950
 Subject: *Transfer of basis of exchange allocation from one bank to another*

An applicant may transfer his exchange basis from one bank to another bank provided that:

- a. The bank which in 1949 received the bills for collection or issued letters

of credit for the applicant certifies as to the amount involved and as to amount of exchange that the applicant has already used in 1950 on the basis of exchange acquired from this bank in 1949.

- b. The bank makes a commitment that it will not allow the applicant any further exchange on the 1949 basis which applicant is soliciting to transfer to another bank.

NOTIFICATION TO AUTHORIZED AGENTS NO. 27 February 18, 1950

Subject: *December 9, 1949 Debts in Connection with Imports on Open, Branch and/or consignment account*

1. The Exchange Control Department will issue licenses to importers to enable partial settlement of debts existing as of December 9, 1949 incurred in connection with imports on open, branch and/or consignment account, provided that the information requested in Notification to Authorized Agents No. 6 dated December 31, 1949 has been submitted to the Exchange Control Office and is considered to be satisfactory.

2. In calculating the amount to be licensed there will be deducted from the amount owned as of December 9, 1949 all amounts paid in settlement of such indebtedness since December 9, 1949. The license to be issued will cover 10% of this net balance.

3. Announcement will be made concerning the issuances of licenses authorizing further payments on account of December 9 debts.

4. This Notification does not apply to the indebtedness of Philippine Corporations to their branches and agencies abroad. Specific applications for licenses to make payment of such indebtedness should be filed with the Exchange Control Office.

NOTIFICATION TO AUTHORIZED AGENTS NO. 28 March 2, 1950

Subject: *Peso Payments under Non-Peso Life Insurance Policies*

In accordance with the provisions of the Exchange Control regulations, all resident life insurance companies, including branch offices or agencies of non-resident companies, are required to make all payments to residents of the Philippines in pesos, whether such payments are being made in connection with peso or non-peso life insurance policies. The life insurance companies are required to provide the pesos needed to make such payments in connection with their non-peso policies by remittances of U.S. dollars from abroad. Such dollars must be sold to authorized agents of the Central Bank.

NOTIFICATION TO AUTHORIZED AGENTS NO. 29 March 3, 1950

Subject: *Dividends Declared by Philippine Companies*

1. Authorized agents may, on behalf of the Exchange Control Department issue licenses on E. C. Form No. 51 (Revised) authorizing the purchase of

foreign exchange needed for the remittance of dividends, provided that all of the terms and conditions set forth herein are complied with:

- a. The applicant is a company resident in the Philippines.
 - b. The application is properly executed on E. C. Form No. 111 in quadruplicate.
 - c. The application is accompanied by the following:
 - (1) A complete list of stockholders resident outside of the Philippines to whom the dividends are payable, indicating specifically the residence of each stockholder as of December 9, 1949 and the amount of dividend payable to each stockholder. Stockholder who are non-residents but who have designated authorized security dealers as their representatives for collection of dividends shall be included in this list.
 - (2) Detailed profit and loss statements and statements of the surplus account of the resident Philippine company declaring the dividend for the year in which the dividend is declared and for the two preceding years. All such statements must be signed by an authorized officer of the company. The statements for the current dividend year must also be certified by a certified public accountant.
 - (3) The dividend rate of the dividend in question.
 - (4) A complete list of all dividends declared in the two preceding years, indicating specifically the rate and amount of each dividend.
 - d. The amount applied for, is the equivalent of \$100,000.00 or less and the dividend rate is not more than
 - (i) six per cent, or
 - (ii) the average rate of the two preceding years, whichever is higher.
2. Authorized agents must prepare the license in quadruplicate. The original and the copy of the license together with a copy of the application as approved should be forwarded to the Central Bank the day following the sale of exchange.
 3. Licenses issued by authorized agents shall be considered the same as licenses issued directly by the Exchange Control Department.
 4. In cases in which an authorized agent may not approve an application under the terms of this Notification the application shall be forwarded by the authorized agent to the Exchange Control Department together with the authorized agent's recommendation.

AMENDMENT TO NOTIFICATION TO AUTHORIZED AGENTS NO. 29
March 9, 1950

Subject: *Dividends Declared by Philippine Companies*

Effective immediately, sub-paragraph 1, d of Notification to Authorized

Agents No. 29 entitled "Dividends Declared by Philippine Companies" dated March 3, 1950, is amended to read as follows:

- d. (i) The dividend remittance is the first applied for in the calendar year 1950; and
- (ii) The dividend declared is not greater than the average amount of dividends paid per share during the two preceding years; and
- (iii) The total amount of exchange to be remitted to non-resident stockholders does not exceed \$100,000.00

NOTIFICATION TO AUTHORIZED AGENTS NO. 30 March 9, 1950
Subject: *Remittances of Premiums by Non-Life Insurance Companies*

Authorized agents may, on behalf of the Exchange Control Department issue licenses on E. C. Form No. 51, revised, authorizing the purchase of foreign exchange for remittances specified below by non-life insurance companies provided that all of the terms and conditions set forth herein are complied with:

1. *Remittances by agencies or branch offices of non-resident non-life insurance companies —*

- (a) The application is properly executed on E. C. Form No. 112.
- (b) The remittance is to be made directly to the head office of the insurance company, not more often than once a quarter.
- (c) The authorized agent has been main remitter on behalf of the applicant to the head office during 1949, and is satisfied that the amount applied for is normal.
- (d) The remittance covers only premiums collected in the Philippines by the applicant, after deducting net commissions receivable, and local expenses (including losses) chargeable to the head office.

2. *Remittances by domestic non-life insurance companies. —*

- (a) The application is properly executed on E. C. Form No. 113.
- (b) The remittance is to be made directly to insurance companies, abroad, not more often than once a quarter.
- (c) The authorized agent has been the main remitter on behalf of the applicant to the insurance companies abroad during 1949, and is satisfied that the amount applied for is normal.
- (d) The remittance covers only the net amount due on outstanding reinsurance contracts.

3. *Licenses*

Authorized agents must prepare licenses issued hereunder in triplicate. The original and a copy of the license together with a copy of the application as

approved should be forwarded to the Central Bank on the day following the sale of exchange. The authorized agent will retain for his file a copy of the license.

4. *Other remittances by non-life insurance companies*

Separate applications should be filed covering remittances for other purposes such as dividends, profits, and in the case of domestic companies losses payable abroad. When the authorized agent with whom such application is filed does not have authority to approve the application, it should be forwarded by the authorized agent to the Exchange Control Department.

5. *Repeal of inconsistent provisions of former notifications*

All provisions of previous notifications inconsistent herewith are hereby repealed.

NOTIFICATION TO AUTHORIZED AGENTS NO. 31

March 30, 1950

Subject:

1. This Notification further amends sub-paragraph 3 D (2) of Notification to Authorized Agents No. 10 to read as follows:

"The aggregate amount of the letters of credit under which the import bills have been drawn and of all other letters of credit issued during the same calendar month by the same authorized agent to the same customer did not exceed six per cent (6%) of the total amount of all letters of credit issued by the same authorized agent to the same customer and used by the customer plus all D/P and D/A drafts drawn on the same customer and received for collection by the same authorized agent during the calendar year 1949 in connection with the import of articles, *exclusive of flour*, not subject to the provisions of the Import Control Law and the orders and regulations issued thereunder. (In any calendar month letters of credit may be issued up to the amount of the six per cent (6%) allotment for that month thus any unused portions of the allotment for the two immediately preceding calendar months. The six percent (6%) calendar monthly allotment may not, however, be used in advance.)"

The total c.i.f. value of flour imported during the calendar year 1949 should, therefore, be excluded from the basis of the 6% monthly allotment for 1950.

2. Authorized agents of the Central Bank may without specific approval of the Exchange Control Department open letters of credit needed to pay for imports of flour covered by import licenses duly issued by the PRATRA in accordance with the provisions of Executive Order No. 305, dated March 17, 1950, and such orders and regulations as may be issued thereunder. The amount of credit must be endorsed on the license by the bank opening the letters of credit.

3. All provisions of Notifications and Memoranda inconsistent herewith are hereby repealed.

NOTIFICATION TO AUTHORIZED AGENTS NO. 32

April 4, 1950

Subject: *Exchange for Imports*

1. Unused portions of exchange licenses issued by the Exchange Control Department on E. C. Form No. 54 to pay for imports during March and April may be added by the authorized agent to the exchange allocation of the same importer during the next two months' period.

2. Exchange will be made available by the Exchange Control Department for imports during May and June on the same basis for March and April subject to the provisions of Notification to Authorized Agents No. 31. The application for exchange shall be accompanied by a statement under oath showing the total CIF value of imported goods classified into controlled and uncontrolled on hand at the end of the month immediately preceding the date of filing.

3. Users of exchange to pay for imports during the months of January to April, 1950 are required to submit to the authorized agent or agents who provided the exchange a report in triplicate showing the composition, quantity and CIF value of their imports for the four months period indicated and the arrival dates actual or estimated of the goods. E. C. Forms No. 501 and 501-A copies of which are attached, should be used for this purpose. The original and duplicate of the report should be transmitted by authorized agents to the Exchange Control Department not later than the close of business on May 20, 1950.

4. *Authorized agents shall not make available any exchange to any importer who fails to submit the report required herein on or before the date specified in this Notification.*

NOTIFICATION TO AUTHORIZED AGENTS NO. 33

April 4, 1950

Subject: *Remittances for Miscellaneous Purposes*

Authorized Agents may, on behalf of the Exchange Control Department issue licenses on E. C. Form No. 51 (Revised) authorizing the purchase of foreign exchange for petty personal remittances, provided the following requirements are complied with:

1. The application is properly executed on E. C. Form No. 104.
2. The amount applied for is not in excess of \$25.00 or the equivalent in other foreign currencies.
3. The remittance is made for any of these purposes:
 - (a) Fees due to a correspondence school for courses in which the remitter is enrolled, as evidenced by the enrollment card, receipt covering the latest payment for the same purpose, or the collection letter from the school;
 - (b) Dues to an association in foreign countries of which the remitter is a member, as evidenced by membership card, notice card, or receipt covering the latest payment for the same purpose;

- (c) Subscription of the remitter to a book club, magazine and/or periodical as evidenced by published ads, advertising literature or letter from the publishers;
- (d) Purchase of books which the remitter needs in his studies or profession, as evidenced by published ads, advertising literature or letter from the printers or distributors of said books;
- (c) Payment of outstanding accounts incurred by the remitter before December 9, 1949, the aggregate remaining balance of which is not more than \$25.00, as evidenced by collection letter or bill from the creditor.
- (f) Excess drawings under commercial letters of credit; and
- (g) Food parcels to Europe.

4. The applicant declares in writing that his applications for foreign exchange for petty personal remittances through all authorized agents will not exceed the total sum of \$50.00 or the equivalent of this amount in other foreign currencies during any one calendar year, except in the case of excess drawings under commercial letters of credit, which in no case shall exceed \$25.00 per letter of credit. These excess drawings shall be charged to the importers' exchange allocation.

5. The applicant produces evidence satisfactory to the Authorized Agent that the remittance is required for one of the purposes permitted under paragraph 3. The nature of this evidence shall be noted by the Authorized Agent on the application.

6. Licenses for remittances permitted under this Notification shall be prepared in quadruplicate. The original and a copy of the license, together with a copy of the application as approved shall be forwarded by the Authorized Agent to the Central Bank on the day following the date of the sale of exchange.

APPENDIX II. STATISTICAL TABLES

TABLE I.—MONEY SUPPLY AND ITS COMPOSITION
END OF PERIOD
(Million pesos)

				Percent of Money Supply		
	Period	Notes & Coins in circulation ¹	Peso demand deposits ²	Money supply	Notes & Coins in circulation ¹	Peso demand deposits ²
1940	.....	144.4	134.3 ^a	278.7	51.8	48.2
1941	June	145.7	149.2 ^a	294.9	49.4	50.6
1945	.....	881.7	238.4	1,120.1	78.7	21.3
1946	January	728.5	241.5	970.0	75.1	24.9
	February	677.3	263.5	940.8	72.0	28.0
	March	640.4	275.1	915.5	70.0	30.0
	April	613.2	292.0	905.2	67.7	32.3
	May	550.3	319.1	869.4	63.3	36.7
	June	510.3	351.0	861.3	59.2	40.8
	July	486.2	360.5	846.7	57.4	42.6
	August	482.3	366.6	848.9	56.8	43.2
	September	475.1	396.8	871.9	54.5	45.5
	October	471.8	371.0	842.8	56.0	44.0
	November	476.8	409.3	886.1	53.8	46.2
	December	539.4	401.4	940.8	57.3	42.7
1947	January	480.3	396.0	876.3	54.8	45.2
	February	491.5	407.3	898.8	54.7	45.3
	March	493.5	400.9	894.4	55.2	44.8
	April	490.2	388.0	878.2	55.8	44.2
	May	481.7	392.6	874.3	55.1	44.9
	June	478.1	405.4	883.5	54.1	45.9
	July	473.8	410.6	884.4	53.6	46.4
	August	488.0	385.3	873.3	55.9	44.1
	September	494.2	424.6	918.8	53.8	46.2
	October	509.6	443.3	952.9	53.5	46.5
	November	533.5	445.7	979.2	54.5	45.5
	December	558.1	457.8	1,015.9	54.9	45.1
1948	January	551.1	448.1	999.2	55.2	44.8
	February	541.2	460.1	1,001.3	54.0	46.0
	March	539.4	491.5	1,030.9	52.3	47.7
	April	541.7	478.8	1,020.5	53.1	46.9
	May	518.4	450.9	969.3	53.5	46.5
	June	526.1	600.7	1,126.8	46.7	53.5
	July	520.7	645.6	1,166.3	44.6	55.4
	August	532.7	603.5	1,136.2	46.9	53.1
	September	540.3	572.2	1,112.5	48.6	51.4
	October	555.1	616.4	1,171.5	47.1	52.6
	November	558.4	627.4	1,185.8	47.1	52.9
	December	575.7	618.6	1,194.3	48.2	51.8
1949	January	546.0	624.2	1,170.2	46.7	53.3
	February	560.3	594.6	1,154.9	48.5	51.5
	March	561.3	563.0	1,124.3	50.0	50.0
	April	580.0	575.4	1,155.4	50.2	49.8

May	545.0	554.9	1,099.9	49.5	50.5
June	530.0	550.8	1,080.8	49.0	51.0
July	517.1	528.5	1,045.6	49.5	50.5
August	513.3	538.3	1,051.6	49.0	51.0
September	541.2	541.3	1,082.5	50.0	50.0
October	567.8	525.2	1,093.0	51.9	48.1
November	573.5	501.7	1,075.2	53.3	46.7
December	572.0	465.0	1,037.0	55.2	44.8

SOURCES: Bureau of Banking Reports
Bureau of the National Treasury
Accounting Department, Central Bank of the Philippines
Combined Statement of Resources and Liabilities by All Banks
Miscellaneous Statistical Information Supplied by All Banks

¹ 1947 and 1948 figures adjusted to include the ₱50 million issued December 31, 1946, which was taken up in the records of the Central Bank on January 31, 1949.

² Includes cashiers' and managers' checks and unused overdraft lines, but excludes national government and inter-bank deposits. (No report on unused overdraft lines was submitted by PNB during years prior to 1948. On December 31, 1947, it was assumed to be the same as that of January 31, 1948 ₱13.3 million.)

^a Including national government deposits, but excluding unused overdraft lines.

TABLE 2.—MONTHLY VARIATIONS IN MONEY SUPPLY

1948 - 1949
END OF MONTH
(Million pesos)

Month	Notes & coins in circulation		Difference + Increase — Decrease		Peso demand deposits		Difference + Increase — Decrease		Total (1 + 3)		Difference + Increase — Decrease	
	1948 (1)	1949	Quantity (2)	Percent	1948 (3)	1949	Quantity (4)	Percent	1948 (5)	1949	Quantity (6)	Percent
January	551	546	— 5	— .9	448	624	+ 176	+ 39.3	999	1,170	+ 171	+ 17.1
February	541	560	+ 19	+ 3.5	460	595	+ 135	+ 29.3	1,001	1,155	+ 154	+ 15.4
March	539	561	+ 22	+ 4.1	492	563	+ 71	+ 14.4	1,031	1,124	+ 93	+ 9.0
April	543	580	+ 38	+ 7.0	479	575	+ 96	+ 20.0	1,021	1,155	+ 134	+ 13.1
May	518	545	+ 27	+ 5.2	451	555	+ 104	+ 23.1	969	1,100	+ 131	+ 13.5
June	526	530	+ 4	+ .8	600	551	— 49	— 8.2	1,126	1,081	— 45	— 4.0
July	521	517	— 4	— .8	646	529	— 117	— 18.1	1,167	1,046	— 121	— 10.4
August	533	513	— 20	— 3.8	603	538	— 65	— 10.8	1,136	1,051	— 85	— 7.5
September	540	541	+ 1	+ .2	572	541	— 31	— 5.4	1,112	1,082	— 60	— 5.4
October	555	568	+ 13	+ 2.3	616	525	— 91	— 14.8	1,171	1,093	— 78	— 6.7
November	558	573	+ 15	+ 2.7	627	502	— 125	— 19.9	1,185	1,075	— 110	— 9.3
December	576	572	— 4	— .7	618	465	— 153	— 24.8	1,194	1,037	— 157	— 13.1

SOURCES: Combined Statement of Resources and Liabilities of all Banks.
Bureau of National Treasury.
Cash Department, Central Bank of the Philippines.
Miscellaneous Statistical Information Supplied by all Banks.

**TABLE 3.—INTERNATIONAL RESERVE AND ITS RATIO TO
MONEY SUPPLY
END OF PERIOD
(Million pesos)**

Period	National Treasury Central Bank (1)	Money supply (2)	Ratio of (1) to (2) (Per cent)
1945	1,114	1,120	99.5
1946	668	940	71.1
1947	779	1,015	76.7
1948 January	775	999	77.6
February	789	1,001	78.8
March	781	1,031	75.8
April	761	1,021	74.5
May	787	969	81.2
June	827	1,127	73.4
July	841	1,167	72.1
August	805	1,136	70.9
September	813	1,112	73.1
October	819	1,171	69.9
November	811	1,185	68.4
December	801	1,194	67.1
1949 January	715	1,170	61.1
February	648	1,155	56.2
March	672	1,124	59.8
April	688	1,155	59.6
May	683	1,100	62.1
June	642	1,081	59.4
July	573	1,046	54.8
August	570	1,051	54.2
September	558	1,082	51.6
October	528	1,093	48.3
November	469	1,075	43.6
December	461	1,037	44.5

SOURCES: Combined Statement of Resources and Liabilities of all Banks.
National Treasury.
Bureau of Banking Reports.

TABLE 4.—ANALYSIS OF DECREASE IN MONEY SUPPLY FOR THE
CALENDAR YEAR ENDED DECEMBER 31, 1949

(Million pesos)

I.

A. Money Supply as of January 1	1,194.0	
B. Money Supply as of December 31	1,037.0 ^a	
C. NET DECREASE IN MONEY SUPPLY	<u>157.0</u>	

II.

A. DECREASE IN MONEY SUPPLY DUE TO —

1. Increase in Capital Stock and Surplus of Banks:

December 31	75.6	
January 1	<u>71.6</u>	4.0

2. Increase in other Liabilities of Banks:

December 31	124.4	
January 1	<u>77.7</u>	46.7

3. Decrease in Investments of Banks

January 1	71.2	
December 31	<u>43.4</u>	27.8

4. Increase in Peso Savings and Time Deposits:

December 31	264.1	
January 1	<u>232.9</u>	31.2

5. Foreign Trade:

Imports	1,122.0	
Freight and Insurance	<u>224.5</u>	
Total	1,346.5	

Less: Increase in customers' liability acceptances

(December 31 — 111.9; January 1 — 107.9)	<u>4.0</u>	1,342.5
--	------------	---------

6. Remittances Abroad:

Government Expenditures Abroad	4.0 ^b	
Tourist Expenditures	10.0	
Other Outward Remittances	<u>188.3^c</u>	202.3

7. Net Cash Income of the Central Bank:

Cash Income	2.0	
Less: Operating Expenses	<u>1.9</u>	.1

8. Decrease in Other Assets of the Central Bank	2.1	
Add: Increase in Other Liabilities of the Central Bank	1.2	3.3
9. Errors and Omissions		7.5
TOTAL		<u>1,665.4</u>
B. INCREASE IN MONEY SUPPLY DUE TO —		
1. Increase in Loans and Discounts of Banks:		
December 31	287.9	
January 1	<u>263.9</u>	24.0
2. Increase in Overdraft Lines Granted:		
December 31	223.0	
January 1	<u>213.0</u>	10.0
3. Increase in Fixed Assets of Banks:		
December 31	13.3	
January 1	<u>11.6</u>	1.7
4. Increase in Other Resources of Banks:		
December 31	53.3	
January 1	<u>45.6</u>	7.7
5. Change in Composition of the International Reserves of the Banking System		<u>14.0</u>
6. Foreign Trade:		
Exports	520.0	
Freight and Insurance	<u>10.5</u>	530.5
7. Other Foreign Remittances:		
Tourist Expenditures	2.0	
Other Inward Remittances	<u>58.6</u>	60.6
8. U. S. Government Expenditures		<u>646.7</u>
9. Decrease in National Government Deposit with the:		
Central Bank	77.0 ^d	
Less: Increase in Deposit with PNB	<u>10.1</u>	66.9
10. Decrease in Notes and Coins Held in the Treasury Vaults:		
January 1	77.9	
December 31	<u>7.1</u>	
	70.8	
Less: Transfers to the Central Bank	<u>52.0</u>	18.8
11. Increase in Domestic Credits Granted by the Central Bank ...		<u>127.5^e</u>
TOTAL		<u>1,508.4</u>
C. NET DECREASE IN MONEY SUPPLY		<u>157.0</u>

SOURCES OF BASIC DATA:

1. Combined Statement of Resources and Liabilities of all Banks.
 2. Estimated Foreign Receipts and Disbursements during the Year 1949.
 3. Accounting Department and Cash Department, Central Bank.
 4. Treasurer's Daily Report.
- ^a Exclusive of Zamboanga and Lanao Agencies of the Philippine National Bank.

^b This excludes the ₱15.0 million amortization of long-term indebtedness and other government expenditures abroad which was paid by transfers of funds in the U. S., so it did not affect our money supply.

^c Other outward remittances plus errors and omissions in the Estimated Foreign Receipts and Disbursements.

^d This is due to the overdraft of the National Treasurer with the Central Bank which amounted to ₱37 million on December 31, and the exhaustion of the ₱40 million dollar deposits.

^e Composition:

1. R. F. C. Bonds	₱ 44,000,000.00
2. Advances to P. N. B.	40,000,000.00
3. Interim bonds —	
a. Nat'l. Development Co.	₱20,203,280.00
b. Nat'l. Power Corporation	1,000,000.00
c. Bur. of Public Works	11,000,000.00
d. NAFCO	1,843,170.80
e. R. F. C.	20,000,000.00
	<u>₱54,046,450.80</u>
Less: Bonds sold to Banking	
System	₱5,849,420.00
Ocean going	
vessel	<u>4,692,000.00</u>
	<u>10,541,420.00</u>
	<u>43,505,030.80</u>
	<u>₱127,505,030.80</u>

TABLE 5.—FACTORS ACCOUNTING FOR THE DECREASE IN MONEY
SUPPLY CLASSIFIED AS TO AGENCY
JANUARY 1 TO DECEMBER 31, 1949

(Million pesos)

I. National Government:

A. Increase in Money Supply due to—

1. Sale of securities to the Banking System	5.3
2. Decrease in notes and coins in the Treasury vaults	18.8
3. Decrease in the deposit with the Central Bank	77.0 ^a
4. Interim bonds of the Bureau of Public Works sold to the Central Bank	<u>11.0</u>
Total	<u>112.1</u>

B. Decrease in Money Supply due to—

1. Increase in deposits with the Banking system	10.1
2. Decrease in loans from and deposits to the Banking system	<u>.3</u>
	<u>10.4</u>
Net Increase in Money Supply due to the National Government	<u>101.7</u>

II. Semi-Government:

A. Increase in Money Supply due to—

1. Decrease in peso savings and time deposits	4
2. Increase in loans and discounts of banks	4.9
3. Interim bonds sold to the Central Bank:	
RFC (Bonds)	44.0
National Development Company	20.2
National Power Corporation	1.0
NAFCO	1.8
RFC (Interim bonds)	<u>20.0</u>
Total	<u>87.0</u>

Less: Purchase of ocean-going vessels ..	4.7		
Securities sold to the Banking System	5.8	10.5	<u>76.5</u>
			81.8
B. Decrease in Money Supply due to—			
1. Decrease in securities held by banks			<u>33.4</u>
Net Increase in Money due to Semi-Government Agencies ...			<u>48.4</u>
III. Foreign Transactions:			
A. Decrease in Money Supply due to—			
1. Imports plus freight and insurance	1,342.5 ^a		
2. Other remittances abroad	202.3	1,544.8	
B. Increase in Money Supply due to—			
1. Exports plus freight and insurance	530.5		
2. U.S. Government expenditures	646.7		
3. Other foreign remittances	60.6	1,237.8	
Net Decrease in Money Supply due to Foreign Transactions			<u>307.0^a</u>
IV. Other Domestic Agencies:			
A. Increase in Money Supply due to—			
1. Increase in loans and discounts of banks	19.4		
2. Increase in overdraft lines granted	10.0		
3. Increase in fixed assets of banks	1.7		
4. Increase in other resources of banks	7.7		
5. Loans of the Central Bank to PNB	40.0		
6. Increase in investments of banks .....	.3		
7. Change in composition of International Reserve ..	14.0	93.1	
B. Decrease in Money Supply due to—			
1. Increase in peso savings and time deposits	31.6		
2. Increase in Capital Stock and Surplus of banks ..	4.0		
3. Increase in other liabilities of banks	46.7		
4. Net operating income of the Central Bank ....	.1		
5. Net decrease in other assets of the Central Bank ..	2.1		
6. Net increase in other liabilities of the Central Bank	1.2	85.7	
Net increase in Money Supply due to Other Domestic Agencies			<u>7.4</u>
V. Net Decrease in Money Supply of all Agencies		149.5	
Errors and omissions		7.5	
NET DECREASE FOR THE YEAR			<u>157.0</u>

SOURCES: Combined Statement of Resources and Liabilities of all Banks.

Estimated Foreign Receipts and Disbursements during the year 1949.
Accounting Department and Cash Department, Central Bank.
Treasurer's Daily Report.

^a This represents the overdraft of the National Treasurer with the Central Bank amounting to ₱37 million as of December 31, 1949. It also includes the ₱40 million dollar deposits of the National Government which has been exhausted.

^b This represents imports plus freight and insurance less the ₱4 million increase of customers' liability acceptances.

^c The discrepancy between this figure and the net decrease of international reserve amount-

ing to ₱15 million is due to factors which affected our international reserve but not money supply or vice versa to wit:

Expenditures of the Philippines Government abroad	₱15 million
Add: Increase in customers' liability acceptances	4 "
Total	₱19 million
Less: Interest income of the Central Bank	4 "
Net differences	₱15 million

TABLE 6—INTERNATIONAL RESERVE OF THE CENTRAL BANK
AND FOREIGN EXCHANGE HOLDINGS OF OTHER BANKS
END OF PERIOD
(Million U.S. Dollars)

Period	International reserve of the National Treas- ury, Central Bank ¹ (1)	Foreign exchange holdings of other banks			T o t a l (1 + 4)
		Gross ² (2)	Liabi- lities ³ (3)	Net (4)	
1945	557	110	20	90 ^a	647
1946	334	130	24	106 ^b	440
1947	389	113	45	68 ^c	457
1948	400	63	43	20	420
1949 March ...	336	67	40	27	363
June	320	50	30	20	340
September.	279	61	26	35	314
December.	230	53	24	29	259

SOURCES: National Treasury.

Accounting Department, Central Bank of the Philippines.

Combined Statement of Resources and Liabilities of all Commercial Banks.

Bureau of Banking Reports.

- 1 Exclusive of the dollar balances in the Sinking Fund but including the gold bullions on deposit with the U.S. Mint, San Francisco revalued from \$805,-410.00 to \$1,360,621.08 or \$35 per ounce. The gold holdings and the dollar balances of the National Treasury were taken over by the Central Bank of the Philippines on January 3, 1949, except the Sinking Fund. The General Fund was not transferred till March, 1949.

2—See Table 7.

3—See Table 8.

^a—Seven banks in operation.

^b—Eleven banks in operation.

^c—Twelve banks in poeration.

TABLE 7.—GROSS FOREIGN EXCHANGE HOLDINGS OF OTHER BANKS
END OF PERIOD
(Million U.S. Dollars)

Period	Due from banks abroad	Foreign currencies on hand	Unmatured export bills	Foreign securities	Loans and advances	Others 1	Total
1945	94	10	—	4	2	—	110
1946	106	—	7	10	2	5	130
1947	83	—	6	18	4	2	113
1948	36	1	21	4	—	1	63
1949 March	53	1	7	5	—	1	67
June	40	1	4	5	—	—	50
September	51	1	3	5	—	1	61
December	43	1	3	5	—	1	53

SOURCES: Exchange Control Special Form No. 5.

Combined Statement of Resources and Liabilities of all Commercial Banks.

Bureau of Banking Reports.

- 1 Includes drafts and other items in transit.

**TABLE 8.—GROSS FOREIGN EXCHANGE LIABILITIES OF
OTHER BANKS
END OF PERIOD
(Million U.S. Dollars)**

Period	Due to banks abroad	Proceeds of im- port bills pending remit- tance to for- eign banks	Drafts issued outstanding	Others	T o t a l
1945	14	5	—	1	20
1946	14	10	—	—	24
1947	35	8	1	1	45
1948	37	—	—	6	43
1949 March	34	—	—	6	40
June	23	—	—	7	30
September	20	—	—	6	26
December	17	—	—	7	24

SOURCES: Exchange Control Special Form No. 5.
Combined Statement of Resources and Liabilities of all Commercial Banks.
Bureau of Banking Reports.
1 Includes travellers' letters of credit in cash.

**TABLE 9.—PURCHASE AND SALES OF FOREIGN CURRENCY BY THE
CENTRAL BANK**

January 3 — Dec. 31, 1949

(Thousand dollars)

Month	Purchase from:		Total 2	Sales to:		Total
	Banking system	Other sources 1		Banking system	Other sources 3	
January	—	15,891	15,891	39,600	—	39,600
February	—	405	405	33,350	—	33,350
March	—	224	224	8,800	—	8,800
April	7,350	155	7,505	—	11	11
May	—	173	173	2,800	11	2,811
June	—	233	233	20,700	—	20,700
July	2,500	217	2,717	32,250	3	32,253
August	11,500	265	11,765	13,450	10	13,460
September	11,000	298	11,298	19,400	5	19,405
October	—	166	166	15,650	9	15,659
November	—	222	222	29,618	10	29,628
December	5,861	10,497	16,358	21,238	6	21,244
T O T A L	38,211	28,746	66,957	236,856	65	236,921

SOURCE: Foreign Department, Central Bank of the Philippines.

- 1 Purchases from War Damage Commission, U.S. Treasury Warrants and other foreign checks paid and received for deposit.
- 2 Excluding purchases from the Treasurer of the Philippines amounting to \$25,-721,205.16.
- 3 Sales to government agencies, such as Bureau of Posts, Philippine Constabulary and Philippine Air Force.

TABLE 10.—ESTIMATE OF FOREIGN RECEIPTS AND DISBURSEMENTS
FOR THE CALENDAR YEAR ENDING DECEMBER 31, 1949

(Million pesos)

ESTIMATED RECEIPTS:

Exports	520
Freight and insurance	10 ^a
Expenses of U.S. Government agencies (Table 11)	647
Tourist expenditures	2
Interest income of the Central Bank	4
Other inward remittances (Table 12)	59 ^b
Total	1,242

ESTIMATED DISBURSEMENTS:

Imports	1,122
Freight and insurance	224 ^c
Disbursements of the Philippine Government abroad	19 ^d
Tourist expenditures	10
Other outward remittances (Table 12)	154 ^e
Total	1,529

Deficit	287
Errors and omissions	35 ^f
Total	322

TABLE 10 A—STATEMENT OF NET CHANGES IN INTERNATIONAL
RESERVE DURING THE PERIOD FROM JANUARY 1
TO DECEMBER 31, 1949

Central Bank:

Balance, January 1, 1949	800
Balance, December 31, 1949	460
Decrease	340

Banking System:

Balance, December 31, 1949	58
Balance, January 1, 1949	40
Increase	18
Net Decrease	322

- ^a Estimated at 2% of exports.
- ^b This possibly includes the receipts due to gold smuggled out of the country. No data of our actual gold exports are available, because gold reported as exports represent those sent to the U.S. or England to be refined which are eventually shipped back to the Philippines.
- ^c Estimated at 20% of imports.
- ^d This is composed of ₱5.6 million amortization of our long-term indebtedness, ₱9 million reported to the Fiscal Agency Fund Office of the Central Bank since it started operating in October, 1949, and an additional ₱4 million estimated to represent disbursements before its organization.
- ^e This may be attributed to (a) the under valuation of our imports in order to avoid import restriction and duties arbitrarily estimated to around ₱100 million; (b) the flight of capital especially Chinese funds for which the Philippines has served as a depository and which do not seek investment in the country; (c) remittances due to jewel smuggling.
- ^f A portion of this may represent War Damage Payments returned to the U.S. without passing our banking system for repayment of advances made to Philippine subsidiaries of American firms, or for the reduction of U.S. bank and commercial credits extended to Philippine firms.

TABLE 11.—U. S. GOVERNMENT EXPENDITURES IN THE PHILIPPINES BY AGENCY¹
JANUARY 1 TO DECEMBER 31, 1949, BY QUARTERS
(Million pesos)

I t e m	First quarter	Second quarter	Third quarter	Fourth quarter	Total
1. Philippine War Damage Commission ² ..	92.6	100.3	86.3	74.7	353.9
2. Veterans Administration ³	24.4	28.4	30.9	33.5	117.2
3. Military Agencies ⁴	33.0	31.1	24.6	24.6	113.3
4. Commerce Department ⁵	2.8	3.3	10.1	0.8	23.0
5. Federal Works Agency ⁶	4.1	6.5	—	—	10.6
6. Federal Security Agency ⁵ .....	.4	.1	.9	1.0	2.4
7. Interior Department ⁵ .....	.5	.4	.5	—	1.4
8. Other Agencies ⁷	10.5	4.0	4.0	5.2	24.9
	<u>168.3</u>	<u>174.1</u>	<u>158.5</u>	<u>145.8</u>	<u>646.7</u>

SOURCES: Philippine War Damage Commission Report.

Report of U.S. Treasury Department, Division of Disbursements, Manila.

Veterans Administration Report.

U.S. Department of Commerce—U.S. Foreign Transactions (July, 1949, October, 1949, and January, 1950 issues).

¹ Tentative—Complete figures available up to third quarter only. Fourth quarter projected as explained in the following footnotes:

² Figures taken from the report of the Philippine War Damage Commission.

³ Data taken from the Veterans Administration Report.

⁴ First three quarters from report of U.S. Dept. of Commerce. Fourth quarter assumed to be equal to third quarter. Figures represent 60% of military expenditures as per report; balance of 40% estimated to represent pay and allowance to American personnel spent in the U.S., and supplies sent to the Philippines.

⁵ Total figure from the report of Treasury Department. Quarterly breakdown for first 3 quarters from U.S. Department of Commerce. Fourth Quarter, difference of the two.

⁶ From U.S. Department of Commerce Publications.

⁷ First 3 quarters from U.S. Department of Commerce Publications. Fourth quarter assumed to be equal to third quarter.

TABLE 12 — OTHER INWARD AND OUTWARD REMITTANCES¹
JANUARY 1 — DECEMBER 31, 1949
(Million pesos)

I. Proceeds from bills discounted (January to December)	454.8
Other sources of foreign exchange	113.6
Total	568.4
Less: Exports (January-December)	520.0
Freight and insurance	10.4
Estimated other inward remittances	38.0
Add: Accumulated acquisition of the money order fund	20.6
Estimated inward remittances	58.6
II. Sale of bills for commercial purposes (January-December)	1,441.6
Other disposition of foreign exchange	58.8
Total	1,500.4
Less: Imports (January-December)	1,122.0
Freight and insurance	224.4
Estimated other outward remittances	154.0

¹ No data available as to the kind or purpose of either inward or outward remittances. Materials now available are the Statements of Resources and Disposition of Foreign Exchange from the banking system. The inward remittances represent the residuum after deducting the value of the exports plus freight and insurance from the total receipts from foreign exchange, while the other outward remittances represent the difference between the total disposition of foreign exchange and the value of imports plus freight and insurance.

TABLE 13.—ESTIMATED FOREIGN RECEIPTS AND DISBURSEMENTS
JANUARY 1 TO DECEMBER 31, 1949, BY QUARTERS
(Million pesos)

	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Total</i>
ESTIMATED RECEIPTS:					
Exports	132.7	138.2	126.3	122.8	520.0
Freight and insurance	2.7	2.8	2.5	2.5	10.5
Disbursements of U.S. Government agencies	168.3	174.1	158.5	145.8	646.7
Tourist expenditures .....	.5	.5	.5	.5	2.0
Interest income of the Central Bank	—	—	.6	3.0	3.6
Other inward remittances ..	18.8	12.6	17.0	10.2 ^b	58.6
Total	323.0	328.2	305.4	284.8	1,241.4
ESTIMATED DISBURSEMENTS:					
Imports	339.9	288.8	236.3	257.0	1,122.0
Freight and insurance	68.0	57.8	47.3	51.4	224.5
Disbursements of the Philippine Government abroad ¹ ..	1.0	6.6	10.0	1.0	18.6
Tourist expenditures	2.5	2.5	2.5	2.5	10.0
Other outward remittances ..	— ^a	— ^a	78.4	93.6	172.0 ^c
Total	411.4	355.7	374.5	405.5	1,547.1
DEFICIT	88.4	27.5	69.1	120.7	305.7 ^c
ERRORS AND OMISSIONS ..	25.6	18.5	(17.1)	(10.7)	16.3 ^a
NET DEFICIT	114.0	46.0	52.0	110.0	322.0

TABLE 13-A.—STATEMENT OF NET CHANGES IN INTERNATIONAL
RESERVES DURING THE YEAR ENDED DECEMBER 31, 1949,
BY QUARTERS

CENTRAL BANK:

Balance, beginning	800.0	672.0	640.0	558.0	800.0
Balance, end	<u>672.0</u>	<u>640.0</u>	<u>558.0</u>	<u>460.0</u>	<u>460.0</u>
Decrease	<u>128.0</u>	<u>32.0</u>	<u>82.0</u>	<u>98.0</u>	<u>340.0</u>

BANKING SYSTEM:

Balance, end	54.0	40.0	70.0	58.0	58.0
Balance, beginning	<u>40.0</u>	<u>54.0</u>	<u>40.0</u>	<u>70.0</u>	<u>40.0</u>
Increase	<u>14.0</u>	<u>(14.0)</u>	<u>30.0</u>	<u>(12.0)</u>	<u>18.0</u>

NET DECREASE	<u>114.0</u>	<u>46.0</u>	<u>52.0</u>	<u>110.0</u>	<u>322.0</u>
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¹ This includes ₱5.6 million amortization of our long-term indebtedness and ₱9 million reported to the Fiscal Agency Fund Office of the Central Bank from October, 1949, when it started operations, as expenditures of our government abroad. An estimated ₱4 million has been added to represent expenses before the said office of the Central Bank was organized.

^a For these quarters the total value of imports plus freight and insurance exceeded the disposition of foreign exchange by ₱17.3 and ₱8 million, respectively, representing lags in the payment of imports. Instead of placing them as negative figures they were charged to errors and omissions.

^b This is the difference between the ₱20.6 million receipts by the Money Order Fund and the ₱10.5 million lag in the receipts from exports.

^c The difference between these figures and that used for the annual report is due to the lags in the payment of imports for the first two quarters charged to errors and omissions.

TABLE 14. — COMPARATIVE STATEMENT OF ESTIMATED FOREIGN
RECEIPTS AND DISBURSEMENTS
1945 - 1949
(Million pesos)

I t e m	1945 ¹	1946 ²	1947	1948	1949
ESTIMATED RECEIPTS:					
Exports	1.3	128.4	529.3	635.6	520
Freight and insurance .....	...	...	10.0	10.0	10 ^c
Gold production .....	...	...	4.6	14.3	...
Receipts of the Philippine Government .....	...	4.5	124.8	6.5	...
Disbursements of U.S. Government (Net)	568.6 ^a	237.0	550.0	677.6 ^b	647
Foreign Diplomatic expenditures .....	...	...	3.5	3.5	...
Tourist expenditures .....	...	...	15.0	20.0	2
Other inward remittances .....	...	84.0	221.3	71.3	63
TOTAL	<u>569.9</u>	<u>453.9</u>	<u>1,458.5</u>	<u>1,438.8</u>	<u>1,242</u>
ESTIMATED DISBURSEMENTS:					
Imports	57.9	591.7	1,022.6	1,171.7	1,122
Freight and insurance .....	...	78.8	153.4	175.8	224 ^d
Disbursements of the Philippine Government .....	...	16.7	16.6	18.3	19
Tourist expenditures .....	...	12.7	23.4	26.9	10
Other outward remittances .....	...	116.0	176.4	127.7	154
TOTAL	<u>57.9</u>	<u>815.9</u>	<u>1,392.4</u>	<u>1,520.4</u>	<u>1,529</u>
Surplus or (Deficit)	512.0	(362.0)	66.1	(81.6)	(287)
Errors and omissions .....	...	(52.0)	(32.1)	7.6	(35)
Net change in international reserve	<u>512.0</u>	<u>(414.0)</u>	<u>34.0</u>	<u>(74.0)</u>	<u>(322)</u>

¹ Estimate.

² An estimate of the Joint Philippine-American Finance Commission.

^a A great portion of this represents transfer from the U.S. War Department to the Treasury Certificate Fund.

^b As per statement from the International Monetary Fund.

^c Estimated at 2% of exports.

^d Estimated at 20% of imports.

NOTE: The changes made from 1946 to 1948 are due to the revision in the composition of international reserves.

TABLE 15.—COMPARATIVE STATEMENT OF ESTIMATED FOREIGN RECEIPTS AND DISBURSEMENTS FOR 1948 and 1949

(Million pesos)

	1949 ¹	1948	Increase (Decrease)
ESTIMATED RECEIPTS:			
Exports	520.0	635.6	(115.6)
Freight and insurance	10.0 ^a	10.0 ^a	...
Expenses of U.S. Gov't. agencies	647.0	677.6	(30.6)
Tourist expenditures	2.0	20.0	(18.0)
Other inward remittances	63.0	95.6	(32.6)
Total	1,242.0	1,438.8	(196.8)
ESTIMATED DISBURSEMENTS:			
Imports	1,122.0	1,171.7	(49.7)
Freight and insurance	224.0 ^b	175.8 ^c	48.2
Amortization of long-term capital	6.0	8.2	(2.2)
Government expenditures	13.0	10.1	2.9
Tourist expenditures	10.0	26.9	(16.9)
Other outward remittances	154.0	127.7	26.3
Total	1,529.0	1,520.4	8.6
Deficit	287.0	81.6	205.4
Errors and omissions	35.0	(7.6)	42.6
<u>Net Deficit</u>	<u>322.0</u>	<u>74.0</u>	<u>248.0</u>

TABLE 15-A.—COMPARATIVE STATEMENT OF NET CHANGES IN INTERNATIONAL RESERVES FOR THE CALENDAR YEARS ENDED DECEMBER 31, 1948 and 1949.

Central Bank:			
Balance, January 1	800.0	778.0	22.0
Balance, December 31	460.0	800.0	(340.0)
Decrease	340.0	(22.0)	362.0
Bankin System:			
Balance, December 31	58.0	40.0	18.0
Balance, January 1	40.0	136.0	(96.0)
Increase	18.0	(96.0)	114.0
<u>Net Decrease</u>	<u>322.0</u>	<u>74.0</u>	<u>248.0</u>

¹ Preliminary estimate.

^a Estimated at 2% of exports.

^b Estimated at 20% of imports.

^c Estimated at 15% of imports.

TABLE 16. — COMPARATIVE STATEMENT OF CONDITION
OF THE CENTRAL BANK

1949
(Thousand pesos)

ASSETS	Jan. 31	Mar. 31	Jun. 30	Sept. 30	Dec. 31
International Reserves:					
Gold	2,721	2,721	2,721	2,721	2,721
Due from U.S. Depositories ..	712,200	669,618	606,953	511,492	447,969
U.S. Government Securities ..	—	—	31,918	43,898	9,974
Foreign Currency (U.S. Coins)	48	48	25	25	25
SUB-TOTAL	714,969	672,387	641,617	558,136	460,689
Contribution to the International Monetary Fund	30,000	30,000	30,000	30,000	30,000
Domestic Securities	—	—	9,739	20,033	92,197
Loans and Advances	—	469	7,626	50,569	77,047
Account to secure the coinage ...	113,106	113,306	113,306	113,306	113,306
Other Assets	19,321	20,851	22,681	20,320	20,390
TOTAL ASSETS	877,396	837,013	824,969	792,364	793,629
LIABILITIES					
Currency Issue:					
Notes Issued	621,520	580,377	534,426	533,426	555,575
Coins Issued	73,036	73,493	74,293	73,785	74,384
TOTAL	694,556	653,870	608,719	607,212	629,959
Demand Deposits					
Philippine Currency:					
Banks	168,575	117,686	135,390	139,084	117,634
Treasurer of the Philippines ..	—	9,627	—	—	—
Other Government Entities ..	48	48	48	48	48
SUB-TOTAL	168,623	127,361	135,438	139,132	117,682
U.S. Dollar:					
Treasurer of the Philippines ..	728	40,072	40,649	148	—
TOTAL	169,351	167,433	176,087	139,280	117,682
International Monetary Fund ..	—	—	22,499	22,499	22,498
International Bank for Reconstruction and Development ...	—	—	—	2,392	2,389
Securities Stabilization Fund	2,000	2,000	2,000	2,000	2,000
Other Liabilities	1,489	1,604	2,127	3,507	2,637
Capital	10,000	10,000	10,000	10,000	10,000
Undivided Profit	—	2,106	3,537	4,944	6,464
TOTAL LIABILITIES AND CAPITAL	877,396	837,013	824,969	792,364	793,629

SOURCE: Accounting Department, Central Bank of the Philippines.

TABLE 17.—STATEMENT OF CURRENCY ISSUE BY THE
CENTRAL BANK AS OF DATES INDICATED
(Thousand pesos)

End of month		C O I N S					Notes	Total currency issue
		Silver pesos ¹	Half Silver pesos ²	Subsidiary coins ³	Minor coins ⁴	Total coins		
1949	January	8,557	19,662	38,305	6,711	73,235	621,521	694,756
	February	8,579	19,619	38,391	6,734	73,323	597,472	670,795
	March	8,576	19,638	38,539	6,740	73,493	580,377	653,870
	April	8,574	19,801	39,107	6,771	74,253	580,527	654,780
	May	8,569	19,813	39,192	6,798	74,372	544,970	619,342
	June	8,567	19,737	39,172	6,817	74,293	534,426	608,719
	July	8,573	19,639	39,074	6,825	74,111	505,180	579,291
	August	8,568	19,552	38,995	6,820	73,935	502,949	576,884
	September	8,563	19,476	38,923	6,823	73,785	533,957	607,742
	October	8,560	19,448	38,883	6,838	73,729	581,358	655,087
	November	8,558	19,490	38,977	6,855	73,880	573,614	647,494
	December	8,555	19,634	39,300	6,895	74,384	555,575	629,959

SOURCE: Cash Department, Central Bank of the Philippines

¹ Including the amount of ₱5,254 thousands which was dumped in Manila Bay and MacArthur Souvenir Coins.

² Including MacArthur Souvenir Coins.

³ Composed of twenty and ten centavo coins.

⁴ Composed of five and one centavo coins.

TABLE 18. — WEEKLY AVERAGE REQUIRED AND AVAILABLE
RESERVE OF ALL BANKS IN THE PHILIPPINES

As of Dates Indicated

(Thousand pesos)

For the week ended			Required reserves ¹	Available reserves ²	Excess reserves	Cash in bank vaults
1949	January	22	135,343	198,411	63,068	128,969
		29	135,301	198,334	63,033	134,498
	February	5	127,658	200,400	72,742	116,309
		12	126,723	198,472	71,749	102,563
		19	124,220	180,921	56,701	103,019
		26	122,202	166,607	44,405	101,908
	March	5	121,119	154,457	33,338	95,569
		12	118,977	155,246	36,269	93,361
		19	117,194	151,556	34,362	86,025
		26	110,515	142,060	31,545	67,699
	April	2	109,927	143,939	34,012	64,583
		9	112,944	152,792	39,848	60,270
		16	113,992	150,600	36,608	64,989
		23	114,805	156,866	42,061	65,645
		30	114,833	161,071	46,238	69,632
	May	7	113,480	157,986	44,506	72,695
		14	112,828	160,028	47,200	72,213
		21	111,314	156,930	45,616	70,978
		28	110,700	157,407	46,707	72,574
	June	4	109,925	161,861	51,936	69,453
		11	109,303	160,891	51,588	74,370
		18	110,216	157,468	47,252	75,038
	July	25	111,065	175,406	64,341	73,445
		2	111,165	165,163	53,998	77,481
		9	110,824	162,038	51,214	74,915
		16	111,089	160,079	48,990	70,760
		23	110,233	149,392	39,159	68,948
		30	107,344	140,683	33,339	65,889

SOURCE OF BASIC DATA: Dept. of Supervision and Examination, Central Bank of the Philippines.

¹ Composed of 18% of Total Peso Demand Deposits, 5% of Total Peso Savings and Time Deposits and 10% of Total Deposit Liabilities in foreign currencies.

² Composed of deposit with the Central Bank, eligible Philippine securities, eligible foreign balances and eligible U. S. securities. Philippine securities do not exceed the required reserve on peso savings deposit plus 5/18 per cent on the required reserve of peso demand deposits. Eligible foreign balances and U. S. securities should not exceed the required reserve on deposit liabilities in foreign currencies. All securities and foreign balances in excess of the required reserve were considered as potential reserve only.

August	6	105,455	140,276	34,821	57,784
	13	109,601	174,614	65,013	60,014
	20	111,110	179,905	68,795	58,432
	27	111,472	176,815	65,343	61,597
September	3	114,076	182,423	68,347	58,105
	10	115,570	191,547	75,977	65,456
	17	115,705	189,932	74,227	63,618
	24	115,257	185,173	69,916	67,824
October	1	114,336	172,057	57,721	71,963
	8	112,744	170,333	57,589	71,510
	15	109,774	156,525	46,751	73,265
	22	106,669	147,777	41,108	79,241
November	29	105,867	146,527	40,660	77,326
	5	103,821	145,933	41,212	79,162
	12	102,356	142,107	39,751	77,608
	19	99,563	133,065	33,502	81,097
December	26	99,932	130,236	30,304	77,599
	3	97,316	126,836	29,520	72,010
	10	96,000	127,522	31,522	67,416
	17	95,292	133,863	38,571	60,529
	24	94,797	129,051	34,254	55,253
	31	93,594	139,498	45,904	56,404

TABLE 19.—NUMBER OF OVERDRAFT LINES GRANTED BY COMMERCIAL BANKS CLASSIFIED ACCORDING TO SIZE
Monthly, 1948 - 1949

Year and month		P2,000 and below	P2,001 to P5,000	P5,001 to P10,000	P10,001 to P25,000	P25,001 to P50,000	P50,001 to P100,000	P100,001 to P250,000	P250,001 and above	Total number of overdraft lines granted
1948	January	70	43	39	64	56	52	46	37	406
	February	28	14	28	30	23	11	5	8	147
	March	24	11	27	36	11	14	7	4	134
	April	12	14	16	18	25	10	9	5	109
	May	17	9	10	18	6	12	7	2	81
	June	15	6	10	14	11	7	10	7	80
	July	12	12	22	20	19	11	3	7	106
	August	17	8	12	26	17	10	10	5	105
	September	15	9	6	11	12	9	5	5	72
	October	19	10	12	16	13	3	6	5	84
	November	18	13	12	11	14	9	8	4	89
	December	30	12	9	13	17	14	12	9	116
Total		277	161	203	277	224	162	127	98	1,529
1949	January	15	8	11	24	22	16	9	4	109
	February	19	8	10	8	15	4	3	5	72
	March	19	8	11	20	8	6	6	4	82
	April	18	13	14	10	19	11	5	4	94
	May	17	12	18	10	14	13	3	4	91
	June	19	8	4	18	13	4	4	1	71
	July	16	6	11	23	14	5	8	3	86
	August	22	8	14	16	19	11	13	5	108
	September	16	10	13	7	18	15	8	1	88
	October	18	7	5	13	8	8	5	4	68
	November	13	7	12	14	9	14	4	4	77
	December	18	7	8	17	9	7	6	3	75
Total		210	102	131	180	168	114	74	42	1,021

SOURCE: Miscellaneous Statistical Information supplied by all Banks.

TABLE 20.—NUMBER OF LOANS GRANTED BY COMMERCIAL BANKS CLASSIFIED ACCORDING TO SIZE
Monthly, 1948 - 1949

Year and month	P1,000 and below	P1,001 to P2,000	P2,001 to P5,000	P5,001 to P10,000	P10,001 to P25,000	P25,001 to P50,000	P50,001 to P100,000	P100,001 to P250,000	P250,001 to above	Total number of loans granted
1948 January	8,454	917	938	404	284	85	29	16	3	11,130
February	4,867	1,121	897	399	249	96	31	14	7	7,681
March	4,037	742	746	318	203	53	17	9	3	6,128
April	4,533	673	631	308	193	81	19	13	5	6,456
May	4,058	650	619	308	195	76	20	20	9	5,955
June	5,020	768	763	310	214	81	15	10	11	7,192
July	4,539	736	666	313	214	69	19	10	10	6,576
August	3,821	673	647	358	192	73	25	18	3	5,810
September	3,670	684	675	271	118	72	34	22	5	5,621
October	3,504	674	685	321	206	79	29	16	9	5,523
November	3,587	683	652	325	193	79	27	17	9	5,569
December	3,232	766	780	427	209	100	47	33	11	5,605
Total	53,322	9,087	8,699	4,062	2,540	941	312	198	85	79,246
1949 January	3,705	770	819	380	220	90	47	34	18	6,083
February	3,550	728	750	375	189	99	24	17	3	5,735
March	5,719	1,007	919	442	283	94	32	21	12	8,529
April	3,852	759	786	385	221	81	34	17	12	6,147
May	4,220	769	761	403	232	87	24	16	11	6,543
June	4,844	693	605	274	163	58	26	14	9	6,686
July	4,271	645	661	362	206	63	25	9	6	6,248
August	4,333	741	667	379	220	96	37	12	8	6,473
September	3,857	648	652	306	201	83	25	15	8	5,795
October	3,495	587	590	317	247	78	28	18	21	5,381
November	3,544	572	588	332	251	95	37	16	3	5,438
December	3,918	681	961	550	380	129	61	13	6	6,699
Total	49,308	8,600	8,759	4,505	2,833	1,033	400	202	117	75,757

SOURCE: Miscellaneous Statistical Information Supplied by all banks.

TABLE 21.—RATE OF TURNOVER OF TOTAL CHECKING DEPOSITS
TO TOTAL DEBITS TO CHECKING DEPOSITS
OF ALL BANKS
1948 - 1949

(Thousand Pesos)

	Debits to Checking deposits	Total checking ¹ deposit accounts	Rate of turnover
<u>1948</u>	<u>9,266,100</u>	<u>562,688</u>	<u>16.47</u>
January	701,817	470,140	1.49
February	812,469	470,446	1.73
March	811,183	478,263	1.70
April	786,775	500,102	1.57
May	672,654	509,929	1.32
June	997,394	562,671	1.77
July	872,042	624,310	1.40
August	619,219	633,498	.98
September	722,460	627,031	1.15
October	808,004	622,296	1.30
November	698,161	634,510	1.10
December	763,922	619,062	1.23
 <u>1949</u>	 <u>8,669,772</u>	 <u>538,582</u>	 <u>16.10</u>
January	726,540	601,049	1.21
February	633,728	589,866	1.07
March	743,877	558,408	1.33
April	652,591	548,059	1.19
May	693,910	546,228	1.27
June	821,179	536,520	1.53
July	690,112	523,832	1.32
August	683,726	536,598	1.27
September	829,452	542,345	1.53
October	796,657	523,233	1.52
November	661,551	489,551	1.35
December	736,449	467,297	1.58

SOURCES: Combined Statement of Resources and Liabilities of all Banks.
Miscellaneous Statistical Information Supplied by all Banks.

¹ Average of the beginning and ending balance.

TABLE 22.—QUANTUM, PRICE AND VALUE INDEXES¹ OF
PHILIPPINE DOMESTIC EXPORTS

1938 - 1949

(1937 = 100)

Year and month	Quantum Index	Price Index	Value Index
1938 monthly average	106.47	72.02	76.68
1939 monthly average	119.26	67.57	80.58
1940 monthly average	122.57	62.40	76.48
1941 monthly average	100.61	71.99	72.43
1942 - 45	—	—	—
1946 monthly average	22.59	156.44	35.34
1947 monthly average	62.66	257.37	161.26
1948 January	84.01	307.14	258.28
February	67.64	335.51	226.91
March	65.65	287.98	189.06
April	83.36	285.34	237.85
May	42.97	326.23	140.19
June	65.68	325.71	213.92
July	93.88	276.43	259.52
August	59.20	281.48	166.63
September	56.84	264.38	150.28
October	56.34	282.36	159.09
November	63.41	276.01	175.01
December	75.78	250.39	189.74
1949 January	74.52	209.86	156.39
February	83.09	199.16	165.47
March	92.11	208.90	192.42
April	88.05	188.93	166.35
May	81.78	211.62	173.07
June	118.07	165.85	195.81
July ²	102.24	186.76	190.93
August ²	69.04	200.21	138.22
September ²	76.27	212.25	161.88
October ²	63.39	204.10	129.39
November ²	49.46	214.48	106.07
December ²	71.78	235.80	169.25

SOURCES OF BASIC DATA: Bureau of the Census and Statistics.
Bureau of Forestry.
Annual Report of the Insular Collector of Customs for the
Fiscal Year ending December 31, 1938.

¹ Adjusted for complete coverage. Values are exclusive of gold.

² Preliminary.

TABLE 23.—QUANTUM, PRICE AND VALUE INDEXES¹ OF
PHILIPPINE IMPORTS

January, 1948 to June, 1949

	Year and month	Quantum Index	Price ² Index	Value Index
1948	January	193.2	235.8	455.6
	February	252.0	232.8	586.8
	March	262.3	262.4	688.4
	April	230.0	236.1	543.2
	May	276.0	204.8	565.2
	June	171.1	256.4	438.7
	July	140.5	239.2	336.0
	August	293.1	228.1	668.4
	September	172.2	228.0	392.4
	October	160.1	216.0	345.8
	November	304.3	233.5	710.4
	December	196.1	239.6	470.0
1949	January	208.1	262.3	545.9
	February	223.4	259.4	579.5
	March	280.5	271.1	760.5
	April	194.1	237.5	461.2
	May	251.7	199.8	502.9
	June	264.4	219.3	579.9

SOURCES OF BASIC DATA: 1948 and 1949 quantity and value of items used in the calculation of the trade indexes were taken from the Bureau of the Census and Statistics, while those of the basic year (1937) were taken from the Annual Report of the Insular Collector of Customs for the Fiscal Year Ending December 31, 1938.

1 Adjusted for complete coverage.

2 Price index is the average unit value index.

TABLE 24.—PHILIPPINE DOMESTIC EXPORTS TO COUNTRIES ¹
WHICH DEVALUATED THEIR CURRENCIES
NOVEMBER - DECEMBER, 1949

(Value in Pcsos)

Country	Total Value	November Value	December Value
Total domestic exports	<u>69,568,401</u>	<u>26,759,586</u>	<u>42,808,815</u>
Total for countries with devalued currencies	<u>10,194,268</u>	<u>3,903,893</u>	<u>6,290,375</u>
Netherlands	1,901,447	457,517	1,413,930
Spain	1,210,941	782,074	428,867
Italy	1,192,609	450,371	742,238
Great Britain	1,119,608	276,699	842,909
Belgium	1,031,734	426,977	604,757
Canada	957,502	596,926	360,576
France	572,682	147,925	424,757
Germany	525,220	268,320	256,900
Israel	503,049	—	503,049
Hongkong	490,147	178,068	312,079
India	225,853	65,604	160,249
Norway	158,986	63,889	95,097
Indonesia	111,947	31,110	80,837
Australia	53,750	53,750	—
Denmark	48,461	48,461	—
Malaya	42,283	26,697	15,586
Arabia (Iraq)	24,060	24,060	—
Peru	21,121	2,577	18,544
New Zealand	2,268	2,268	—
Egypt	600	600	—
Countries which did not devalue their currencies	<u>59,374,133</u>	<u>22,855,693</u>	<u>36,518,440</u>

SOURCES: The Bureau of the Census and Statistics.

¹ As of November 16, 1949, there were already thirty-one countries which devaluated their currencies, out of which only those given above imported domestic commodities from the Philippines.

TABLE 25.—PHILIPPINE IMPORTS CLASSIFIED INTO CONTROLLED
AND UNCONTROLLED ITEMS SUBJECT TO EXECUTIVE ORDER 297
1948 AND JANUARY - SEPTEMBER, 1949
(Million pesos)

Article	CONTROLLED ITEMS				TOTAL IMPORTS				UNCONTROLLED ITEMS			
	1948		1949		1948		1949		1948		1949	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Total	1,171.7 ^a	100.0	867.8 ^a	100.0	577.7	49.3	415.8	47.9	594.0	50.7	452.0	52.1
Capital goods	104.5	8.9	86.0	9.0	1.9 ^b	.2	.9 ^b	0.1	102.6	8.8	85.1	9.8
Raw materials	243.7	20.8	197.6	22.8	22.3 ^c	1.9	35.6 ^c	4.1	221.4	18.9	162.0	18.7
Consumption goods	823.5	70.0	584.2	67.3	553.5	47.2	379.3	43.7	270.0	23.0	204.9	23.6

SOURCE OF BASIC DATA: Bureau of the Census and Statistics.

^a Adjusted to include NARIC rice imports.

^b Controlled capital goods include hair curlers and hair driers, motion picture cameras, projectors and parts and tripod cases.

^c Controlled raw materials include copra, molasses and syrups, distilled spirits, mineral waters, flavors, extracts, sheets crude, sheeting and soling, soles, inner and outer, cotton waste, yarn (mercerized and unmercerized), plushes, velveteens, filter cloth wool waste and yarn, rayon waste and yarn, logs, lumber, plywood, handles of tools, asphalt tiles, cement, bottle vials, beads, asbestos, shingles roofing, nails (wire common), parts and accessories of autos, trucks, bicycles and motorcycles, muriatic (hydrochloric), camera lenses and parts, phonographs and gramophone parts.

TABLE 26. — PHILIPPINE AGRICULTURAL PRODUCTION

1938 and 1946-1949

Crop	1938		1946		1947		1948		1949	
	Area Planted (Has.)	Production (M. tons)	Area Planted (Has.)	Production (M. tons)	Area Planted (Has.)	Production (M. tons)	Area Planted (Has.)	Production (M. tons)	Area Planted (Has.)	Production (M. tons)
TOTAL	4,509,900 ¹	5,674,587	3,924,780 ¹	3,047,320	4,489,300 ¹	4,769,350	4,682,440 ¹	5,157,560	4,946,000 ¹	5,885,450
Rice, rough (Palay)	1,912,050	2,303,189	1,649,960	1,623,330	1,879,600	2,088,240	2,026,380	2,240,850	2,164,100	2,491,290
Corn	702,530	500,598	571,090	331,260	812,300	472,190	826,490	519,010	866,200	534,070
Coconut products	643,110	—	960,000	—	960,000	—	960,000	—	965,500	—
Copra	—	697,776	—	203,810	—	998,140	—	882,780	—	698,120
Desiccated coconut	—	35,510	—	—	—	9,170	—	45,240	—	58,760
Home-made oil	—	2,954	—	—	—	3,330	—	3,390	—	2,980
Tuba	—	66,723	—	—	—	—	—	—	—	146,400
Sugarcane ²	227,930	—	28,960	—	40,990	—	82,320	—	128,960	—
Sugar	—	1,012,042	—	62,640	—	119,670	—	395,740	—	660,960
Molasses	—	115,100	—	—	—	23,480	—	136,040	—	142,300
Basi	—	20,100	—	—	—	—	—	—	—	—
Abaca	508,340	164,917	272,420	30,420	280,840	82,000	283,200	99,460	282,700	74,510
Tobacco	74,800	39,069	27,080	14,330	33,000	17,660	33,680	17,290	38,740	21,920
Beans and vegetables	34,806	38,983	30,040	32,240	38,310	41,300	39,490	44,270	48,880	59,680
Cacao, dry beans	1,588	888	3,950	620	4,130	800	3,900	680	3,990	660
Coffee, dry beans	1,557	954	9,200	3,080	9,500	4,370	9,100	3,880	9,170	3,800
Cotton, seeded	1,925	480	700	250	840	220	1,000	290	—	—
Fruits and nuts	201,440	256,338	186,310	261,430	199,350	369,450	195,270	173,660	203,000	269,750
Kapok	7,669	1,452	3,300	2,710	3,500	2,060	3,300	1,790	3,350	1,980
Maguay	38,800	17,699	6,370	510	6,690	4,770	8,090	6,720	7,940	1,750
Peanuts, unshelled	6,420	3,815	7,550	3,040	11,080	5,080	13,670	7,400	18,600	9,570
Ramie	180	190	—	—	—	—	300	70	470	50
Roots, crop	117,850	335,088	148,340	434,100	175,590	460,220	164,410	524,340	172,360	528,230
Rubber, raw	3,845	815	3,310	1,120	3,310	1,660	3,310	1,540	5,040	1,210
All other crops	25,060	59,907	16,200	52,430	30,270	65,540	28,530	53,120	27,000	55,100

SOURCES OF BASIC DATA: Yearbook of Philippine Statistics, 1946
Bureau of the Census and Statistics.

Note: The agricultural production of selected products includes only the production and value of manufactured products, like copra, desiccated coconut, home-made oil, centrifugal sugar, muscovado and panocha instead of the raw or unmanufactured products, like whole nuts and cane sugar, as the case may be. Crop year July 1 to June 30.

¹ Includes area of land cropped more than once as follows:

1939 Census — 817,830 hectares or a net area of 3,953,810 hectares of cultivated land.
1946 — 588,680 hectares or a net area of 3,336,100 hectares of cultivated land.
1947 — 763,160 hectares or a net area of 3,726,140 hectares of cultivated land.
1948 — 702,340 hectares or a net area of 3,980,100 hectares of cultivated land.

² Centrifugal, muscovado and panocha sugar.

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TABLE 27.—COCONUT OIL PRODUCTION IN THE PHILIPPINES
1937 - 1949 (Cont'd)

Crop year	Quantity (Metric tons)	Index (1937 = 100)
1937	213,000	100.0
1938	200,435	94.1
1939	211,428	99.3
1940-45	—	—
1946	40,000	18.8
1947	68,150	32.0
1948	90,000	42.3
1949	102,300	48.0

SOURCE: Bureau of the Census and Statistics.

TABLE 28.—SUGAR PRODUCTION IN THE PHILIPPINES
BY DISTRICTS
1949 - 1950
(Production in short tons)

Crop year	T o t a l		Luzon district		Visayan district	
	No. of centrals	Production	No. of centrals	Production	No. of centrals	Production
1946-47	5	12,914	5	12,914	—	—
1945-46	17	84,581	9	42,485	8	42,123
1947-48	23	398,113	10	85,542	13	312,571
1948-49	28	729,238	11	131,393	17	597,845
1949-50 ¹	29	800,463	11	135,645	18	664,818

SOURCE: Sugar Quota Office.

¹ Figures for this crop year are estimates.

TABLE 29. — SUGAR PRODUCTION IN THE PHILIPPINES

1929 - 1949

Crop Year	T o t a l	Centrifugal Sugar	Muscovado and Panocha
	Quantity (Metric tons)	Quantity (Metric tons)	Quantity (Metric tons)
1929	840,403	697,990	142,413
1930	892,468	786,459	106,009
1931	869,121	790,435	78,686
1932	1,065,328	998,108	67,220
1933	1,218,230	1,165,732	52,498
1934	1,499,223	1,449,650	49,573
1935	685,178	635,318	49,860
1936	945,869	888,021	57,848
1937	1,076,099	1,014,077	62,022
1938	1,012,042	956,755	55,287
1939	1,042,338	990,471	51,867
1940	973,017	973,017	—
1941	1,040,692	1,040,692	—
1942	329,558	329,558	—
1943	11,967	11,967	—
1944	7,072	7,072	—
1945	—	—	—
1946	62,644	11,646	50,998
1947	119,672	70,648	49,024
1948	395,742	361,202	34,540
1949	660,960	660,960	—

SOURCES: Yearbook of Philippine Statistics, 1946, page 152.
Bureau of the Census and Statistics.

TABLE 30.—CIGARETTES MANUFACTURED IN THE PHILIPPINES

1937 - 1949

Year and month	Quantity (Millions of cigarettes)	Index (1937 = 100)
1937 monthly average	272.8	100.0
1938 monthly average	274.3	100.5
1939 monthly average	281.7	103.3
1940 monthly average	257.9	94.5
1941 monthly average	221.5	81.2
1942 monthly average	122.3	44.8
1943-44	—	—
1945 monthly average ¹	35.9	7.7
1946 monthly average	94.9	34.8
1947 monthly average	155.6	57.1
1948 monthly average	155.1	56.9
1949 monthly average	154.1	56.5
1948 January	177.1	64.9
February	154.6	56.7
March	143.5	52.6
April	160.6	58.9
May	166.3	60.9
June	151.9	55.7
July	153.9	56.4
August	137.5	50.4
September	135.8	49.8
October	162.9	59.7
November	140.7	51.6
December	130.7	47.9
1949 January	150.0	55.1
February	146.5	53.7
March	121.0	44.4
April	153.5	56.3
May	127.7	46.8
June	126.3	46.3
July	180.5	66.2
August	237.8	87.2
September	122.8	45.0
October	143.9	52.7
November	163.8	60.0
December	175.0	64.1

SOURCES OF BASIC DATA: Bureau of the Census and Statistics.
National Tobacco Corporation.

¹ June to December only.

TABLE 31.—CIGARS MANUFACTURED IN THE PHILIPPINES

1937 - 1949

Year and month	Quantity (Millions of cigars)	Index (1937 = 100)
1937 monthly average	26.8	100.0
1938 monthly average	25.6	95.8
1939 monthly average	26.9	100.6
1940 monthly average	27.6	103.3
1941 monthly average	23.5	87.7
1942 monthly average	1.9	7.4
1943-44		
1945 monthly average ¹	1.6	5.9
1946 monthly average	4.1	15.1
1947 monthly average	4.8	18.1
1948 monthly average	7.3	27.1
1949 monthly average	8.0	29.9
1948 January	6.9	25.9
February	7.6	28.3
March	7.1	26.7
April	7.6	28.5
May	6.4	23.8
June	7.1	26.4
July	7.1	26.4
August	7.3	27.4
September	8.4	31.5
October	7.5	28.0
November	7.0	26.0
December	7.7	28.7
1949 January	7.5	28.0
February	8.8	32.9
March	9.0	33.6
April	8.6	32.3
May	8.9	33.3
June	7.3	27.4
July	7.8	29.1
August	7.7	28.7
September	7.8	29.1
October	7.5	28.0
November	7.6	28.5
December	7.1	26.5

SOURCES OF BASIC DATA: Bureau of the Census and Statistics.
National Tobacco Corporation.

¹ June to December only.

TABLE 32.—TIMBER AND LUMBER PRODUCTION IN THE
PHILIPPINES

1936 - 1950

Fiscal year	Timber (Board feet)	Sawn Lumber (Board feet)
1936	940,933,978	292,106,215
1937	1,093,218,687	313,870,452
1938	1,014,848,244	340,381,288
1939 ¹	582,360,417	186,447,334
1940	1,032,686,891	331,972,777
1941	941,604,449	348,836,846
1942 - 1945	-----	-----
1946	91,058,583	26,457,604
1947	438,784,491	213,939,963
1948	801,151,116	334,460,323
1949	1,037,596,332	491,971,217
1950 ²	549,198,914	231,980,000

SOURCE: Bureau of Forestry.

Note: Prior to 1939 the calendar year was followed as the fiscal year.
Since that year the fiscal period was changed to cover the period from July 1 to June 30.

¹ Covers period from January 1 to June 30, 1939.

² Covers period from July 1, 1949 to December 31, 1949.

TABLE 33.—LUMBER PRODUCTION IN THE PHILIPPINES

1937 - 1949

Year and month	Quantity (Thousand board ft.)	Index (1937 = 100)
1937 monthly average	26,156	100.0
1938 monthly average	28,365	108.4
1939 monthly average	29,343	112.2
1940 monthly average	27,664	105.8
1941 monthly average	29,070	111.1
1942-45		
1946 monthly average	9,356	35.8
1947 monthly average	21,358	81.7
1948 monthly average	33,080	126.5
1949 monthly average	36,838	140.9
1948 January	27,068	103.5
February	30,472	116.5
March	32,106	122.7
April	32,046	122.5
May	31,765	121.4
June	29,299	112.0
July	38,995	149.1
August	37,616	143.8
September	36,125	138.1
October	35,076	134.1
November	32,087	122.7
December	34,308	131.1
1949 January	38,697	148.0
February	37,658	144.0
March	39,933	152.7
April	37,709	144.2
May	28,134	107.6
June	27,948	106.9
July	41,822	159.9
August	43,227	165.3
September ¹	39,676	151.7
October	36,173	138.3
November	40,815	156.0
December	30,268 ^a	115.7

SOURCES OF BASIC DATA: Bureau of Forestry.
Bureau of the Census and Statistics.

¹ Revised figures.

^a Preliminary.

TABLE 34.—NUMBER OF LIVESTOCK IN THE PHILIPPINES

1939 - 1949

(1937 = 100)

Year	Carabaos		Cattle		Horses		Hogs		Goats		Sheep	
	Number	Index	Number	Index	Number	Index	Number	Index	Number	Index	Number	Index
1929	1,953,964	83.2	1,145,921	74.0	341,169	78.3	2,454,286	77.1	452,249	82.9	124,844	82.2
1930	2,031,301	86.5	1,217,928	78.6	344,448	79.1	2,774,758	87.2	445,700	83.6	128,020	84.3
1931	2,149,652	91.5	1,282,381	82.8	319,421	73.3	2,491,245	78.3	394,367	72.3	111,670	73.6
1932	2,192,904	93.3	1,320,980	85.3	337,669	77.5	2,594,620	81.5	433,287	79.5	120,476	79.4
1933	2,224,580	94.7	1,391,700	89.8	361,920	83.1	2,742,120	86.1	456,050	83.6	127,490	84.0
1934	2,245,580	95.6	1,407,742	90.9	381,297	87.5	2,880,029	90.5	495,771	90.9	130,014	85.6
1935	2,272,319	96.7	1,483,260	95.7	400,250	91.9	3,018,758	94.8	518,813	95.1	140,041	92.2
1936	2,301,329	98.0	1,534,781	99.1	420,904	96.6	3,126,272	98.2	540,537	99.1	151,515	99.8
1937	2,349,311	100.0	1,549,486	100.0	435,712	100.0	3,183,039	100.0	545,265	100.0	151,814	100.0
1938	2,607,836	111.0	1,721,600	111.1	504,967	115.9	3,558,274	111.8	619,082	113.5	169,346	111.5
1939	2,918,730	124.2	1,349,264	87.1	340,433	78.1	3,348,515	105.2	402,173	73.8	37,653	24.8
1940	3,015,400	128.4	1,396,260	90.1	343,500	78.8	4,446,790	139.7	—	—	—	—
1941-44	—	—	—	—	—	—	—	—	—	—	—	—
1945	1,317,130	56.1	559,970	36.1	170,010	39.0	1,983,720	62.3	196,640	36.1	19,350	12.7
1946	1,388,870	59.1	443,530	28.6	151,260	34.7	1,460,780	45.9	182,730	33.5	19,030	12.5
1947	1,504,450	64.0	485,620	31.3	157,390	36.1	1,752,930	55.1	210,780	38.7	20,620	13.6
1948	1,715,530	73.0	613,270	39.6	183,290	42.1	2,636,820	82.8	277,900	51.0	25,950	17.1
1949	1,972,859	84.0	705,260	45.5	216,616	49.7	3,348,861	105.2	316,806	58.1	31,399	20.7

SOURCES: Bureau of the Census and Statistics.
Bureau of Animal Industry.

¹ Data for 1929 to 1938 are as of December 31; 1939 (Census year) to 1948 data, are as of January 1.

TABLE 35.—DRESSED WEIGHT OF SLAUGHTERED HOGS IN MANILA
1937 - 1949

Year and month	Dressed Weight (Kilograms)	Index (1937 = 100)
1937 monthly average	534,584	100.0
1938 monthly average	524,737	98.2
1939 monthly average ¹	571,831	106.9
1940-45		
1946 monthly average	572,174	107.0
1947 monthly average	550,296	102.9
1948 monthly average	609,319	114.0
1949 monthly average	534,483	99.9
1946 January	418,111	78.2
February	383,946	71.8
March	402,983	75.4
April	423,367	79.2
May	467,587	87.5
June	419,007	78.4
July	633,010	118.4
August	750,773	140.4
September	731,883	136.9
October	774,428	144.9
November	678,292	126.9
December	782,697	146.4
1947 January	631,957	118.2
February	544,358	101.8
March	289,034	54.1
April	540,640	101.1
May	549,988	102.9
June	507,745	95.0
July	540,128	101.0
August	554,700	103.8
September	560,094	104.8
October	608,643	113.9
November	604,020	113.0
December	672,244	125.8
1948 January	603,066	112.8
February	609,936	114.1
March	620,627	116.1
April	622,207	116.4
May	635,063	118.8
June	610,771	114.3
July	620,221	116.0
August	605,620	113.3
September	549,028	102.7
October	567,505	106.2
November	600,029	112.2
December	667,749	124.9

TABLE 35.—DRESSED WEIGHT OF SLAUGHTERED HOGS IN MANILA
1937 - 1949 (Cont'd)

Year and month	Dressed Weight (Kilograms)	Index (1937 = 100)
1949 January	571,191	106.8
February	573,446	107.3
March	548,516	102.6
April	452,770	84.7
May	513,205	96.0
June	500,475	93.6
July	515,323	96.4
August	503,529	95.0
September	520,220	97.3
October	556,764	104.1
November	526,656	98.5
December	631,704	118.2

SOURCE: Bureau of Animal Industry.

¹ January to June only.

TABLE 36.—DRESSED WEIGHT OF SLAUGHTERED CATTLE IN MANILA
1937 - 1949

Year and month	Dressed Weight (Kilograms)	Index (1937 = 100)
1937 monthly average	270,865	100.0
1938 monthly average	266,054	98.2
1939 monthly average ¹	260,814	96.4
1940-45		
1946 monthly average	188,818	69.7
1947 monthly average	169,532	62.6
1948 monthly average	132,545	48.9
1949 monthly average	112,554	47.6
1946 January	105,141	38.8
February	101,501	37.5
March	116,847	43.1
April	100,681	37.2
May	113,651	42.0
June	129,704	47.9
July	180,787	66.7
August	266,438	98.4
September	264,264	97.6
October	281,817	104.0
November	369,287	136.3
December	235,704	87.0

TABLE 36.—DRESSED WEIGHT OF SLAUGHTERED CATTLE IN MANILA
1937 - 1949

(Cont'd.)

Year and month		Dressed Weight (Kilograms)	Index (1937 = 100)
1947	January	192,203	71.0
	February	173,079	63.9
	March	164,576	60.8
	April	129,225	47.7
	May	131,379	48.5
	June	121,058	44.7
	July	145,541	53.7
	August	160,425	59.2
	September	180,199	66.5
	October	215,640	79.6
	November	226,419	83.6
	December	194,637	71.9
1948	January	135,884	50.2
	February	107,458	39.7
	March	114,119	42.1
	April	180,084	66.5
	May	142,742	52.7
	June	127,859	47.2
	July	141,172	52.1
	August	140,496	51.9
	September	126,188	46.6
	October	124,582	46.0
	November	116,587	43.0
	December	133,374	49.2
1949	January	112,947	41.7
	February	106,006	39.1
	March	106,048	39.2
	April	106,378	39.3
	May	108,605	40.1
	June	99,839	36.9
	July	104,569	38.6
	August	113,185	41.8
	September	115,234	42.5
	October	124,678	46.0
	November	117,294	43.3
	December	135,861	50.2

SOURCE: Bureau of Animal Industry.

¹ January to June only.

TABLE 37.—GOLD PRODUCTION IN THE PHILIPPINES

1929 - 1949

Year and month	Quantity (Thousand fine ounces)	Index (1937 = 100)
1929 monthly average	13.6	22.3
1930 monthly average	14.9	24.5
1931 monthly average	15.2	24.9
1932 monthly average	20.6	33.7
1933 monthly average	21.0	34.5
1934 monthly average	28.7	47.0
1935 monthly average	38.1	62.4
1936 monthly average	52.9	86.6
1937 monthly average	61.0	100.0
1938 monthly average	76.9	126.1
1939 monthly average	88.2	144.6
1940 monthly average	93.4	153.1
1941 monthly average ¹	105.4	172.7
1942 - 45 .....	...	...
1946 monthly average .....	.1	.1
1947 monthly average	5.5	9.0
1948 monthly average	17.4	28.5
1949 monthly average	24.0	39.3
1947 January .....	.6	1.0
February .....	.7	1.1
March	2.4	4.0
April	5.6	9.1
May	4.9	8.1
June	5.2	8.5
July	5.8	9.5
August	7.7	12.5
September	7.0	11.5
October	8.5	13.9
November	7.9	13.0
December	9.2	15.1
1948 January	13.6	22.2
February	15.4	25.2
March	21.8	35.7
April	17.2	28.3
May	16.4	26.9
June	17.9	29.5
July	18.2	29.8
August	18.6	30.5
September	15.5	25.3
October	18.1	29.7
November	17.7	28.9
December	18.8	30.9

TABLE 37.—GOLD PRODUCTION IN THE PHILIPPINES
1929 - 1949 (Cont'd)

Year and month	Quantity (Thousand fine ounces)	Index (1937 = 100)
1949 January	21.4	35.1
February	20.5	33.6
March	23.4	38.4
April	22.8	37.4
May	22.6	37.0
June	23.3	38.2
July	24.4	40.0
August	24.5	40.2
September	26.0	42.6
October	25.8	42.3
November	26.4	43.3
December	26.8	44.0

SOURCE OF BASIC DATA: Bureau of Mines.

¹ January to October.

Note: Monthly figures of production as revised by the Bureau of Mines.

TABLE 38.—BASE METALS PRODUCTION IN THE PHILIPPINES
1938 and 1946 - 1949

Year	Chromite		Manganese		Copper		Lead		Iron Ore	
	Quantity (M. tons)	Value (Pesos)	Quantity (M. tons)	Value (Pesos)	Quantity (M. tons)	Value (Pesos)	Quantity (M. tons)	Value (Pesos)	Quantity (M. tons)	Value (Pesos)
1938	41,004.00	803,230.00	38,760.00	1,098,770.00	21,552.00	1,672,755.00	828.00	—	927,048.00	3,655,682.00
1946	58,000.00	928,000.00	—	—	—	—	3.70	1,315.00	—	—
1947	195,103.40	3,501,294.26	3,822.00	126,003.95	10,149.07	3,110,502.75	6.30	2,208.54	—	—
1948	256,853.54	5,251,801.21	25,565.12	840,953.18	10,809.19	3,576,632.92	72.00	48,151.37	18,289.08	252,000.00
1949	246,744.00	5,850,570.00	26,288.00	944,194.00	7,007.00	4,564,025.00	229.00	136,533.00	370,172.00	5,387,659.00

SOURCE: Bureau of Mines.

TABLE 39. — PERMIT VALUATION OF BUILDING CONSTRUCTION
IN THE CITY OF MANILA
1936 - 1949

(Value in pesos)

Year and month	Permit Valuation	Permit valuation ¹ (1946-1949 deflated)	Index (1937 = 100)
1936 monthly average	514,229	514,229	81.9
1937 monthly average	627,558	627,558	100.0
1938 monthly average	773,297	773,297	123.2
1939 monthly average	754,438	754,438	120.2
1940 monthly average	686,205	686,205	109.3
1941 monthly average	474,373	474,373	75.6
1942-45	...	...	...
1946 monthly average	4,036,751	827,203	131.8
1947 monthly average	7,132,523	2,100,271	334.7
1948 monthly average	6,723,941	2,193,781	349.6
1949 monthly average	4,926,673	1,915,503	305.2
1946 January	2,057,485	347,783	55.4
February	2,507,090	474,378	75.6
March	3,103,360	620,176	98.8
April	3,143,480	643,496	102.5
May	4,042,860	737,883	117.6
June	3,913,650	705,289	112.4
July	3,152,940	580,973	92.6
August	4,925,990	999,592	159.3
September	7,396,570	1,678,369	267.4
October	4,642,950	1,090,919	173.3
November	4,386,540	1,068,585	170.3
December	5,168,100	1,330,613	212.0
1947 January	5,929,580	1,626,771	259.2
February	7,619,890	2,154,946	343.4
March	8,134,190	2,270,851	361.9
April	8,321,920	2,278,106	363.0
May	6,570,120	1,831,137	291.8
June	5,332,590	1,508,939	240.4
July	9,619,350	2,791,454	444.8
August	7,600,460	2,254,660	359.3
September	7,779,410	2,398,831	382.2
October	6,684,090	2,102,576	335.0
November	7,085,750	2,330,072	371.3
December	4,912,920	1,620,356	258.2

TABLE 39. — PERMIT VALUATION OF BUILDING CONSTRUCTION
IN THE CITY OF MANILA
1936 - 1949 (Cont'd.)

(Value in pesos)

Year and month	Permit Valuation	Permit valuation ¹ (1946-1949 deflated)	Index (1937=100)
1948 January	6,550,110	2,057,842	327.9
February	7,211,005	2,131,542	339.7
March	7,099,960	2,165,282	345.0
April	7,351,109	2,344,104	373.5
May	9,345,610	3,003,088	478.5
June	10,237,150	3,515,505	560.2
July	6,750,687	2,264,571	360.9
August	7,874,550	2,584,362	411.8
September	6,227,060	2,059,894	328.2
October	3,039,080	1,001,674	159.6
November	5,382,450	1,669,494	266.0
December	3,618,525	1,291,869	205.9
1949 January	5,832,750	2,072,025	330.2
February	7,199,280	2,591,533	413.0
March	6,140,880	2,260,169	360.2
April	5,642,945	2,062,480	328.7
May	5,121,200	1,946,484	310.2
June	4,842,700	1,869,047	297.8
July	4,603,890	1,830,573	291.7
August	4,059,900	1,665,942	265.5
September	4,916,750	2,040,992	325.2
October	4,685,415	1,905,415	303.6
November	3,328,185	1,375,283	219.1
December	2,746,175	1,147,587	182.9

SOURCE OF BASIC DATA: Compiled directly from the Record Book for Approved Building Permits, Vols. I to IV of the Department of Engineering and Public Works, City Engineer's Office, City of Manila.

¹ Permit valuations for postwar period were deflated so as to make them comparable with prewar valuations. The index numbers of 1941 prices of construction materials were used as deflators.

TABLE 40. — EXPENDITURES IN THE RECONSTRUCTION AND
REPAIR OF PUBLIC ROADS, BRIDGES, PORTWORKS AND
OTHER PUBLIC WORKS UNDERTAKEN BY THE
PHILIPPINE GOVERNMENT

1946 - 1949¹

Source of Funds	1946	1947	1948	1949
Total	<u>P11,810,622.23</u>	<u>P27,054,964.91</u>	<u>P65,770,825.34</u>	<u>P94,465,752.42</u>
Public Works pro-				
jects	11,027,589.51	20,471,596.35	32,253,295.91	28,039,002.81
Fiduciary funds ² ...	—	10,841.38	18,116,906.91	29,374,567.19
Port works	—	217,548.84	1,284,871.76	2,158,923.46
Special projects: ³				
Motor vehicles ..	370,802.72	1,634,793.45	5,821,478.16	6,407,669.60
Roads and bridges				
(including toll				
bridges and roads)	—	49,095.60	35,440.78	572,674.84
Highways	—	4,043,412.82	7,309,092.44	27,260,288.52 ^a
Irrigation	412,230.00	627,676.47	949,739.38	652,446.00

SOURCE: Financial Statements of the Bureau of Public Works of years 1945-46; 1946-47; 1947-48; 1948-49.

¹ Figures are for fiscal period July 1 to June 30.

² Derived from War Damage Funds.

³ Financed by Special Funds, 'special projects' consisting of roads (national, provincial and municipal) bridges, wharves, public buildings and parks.

^a Includes P16,320,060.00 as 20 percent advanced aid from gasoline tax.

TABLE 41. — EXPENDITURES IN THE RECONSTRUCTION AND REPAIR OF PUBLIC ROADS, BRIDGES, PORTS AND HARBOR FACILITIES, BY THE UNITED STATES PUBLIC ROADS ADMINISTRATION AND THE MANILA ENGINEERING DISTRICT IN THE PHILIPPINES

1947 - 1949

Entity	1947	1948	1949
Total	<u>₱3,133,382.44</u>	<u>₱13,689,726.56</u>	<u>₱33,358,397.46</u>
U.S. Public Roads			
Administration	1,680,585.42 ^a	5,251,213.98 ^a	21,333,772.28
Manila Engineering			
District	1,452,797.02	8,438,512.58	12,024,625.18

SOURCES: Manila Engineering District Office
United States Public Roads Administration.

^a Figures revised by the U.S. Public Roads Administration inclusive of payments made to the Bureau of Public Works and to direct contracting firms.

TABLE 42. — ROLLING STOCK EQUIPMENT OF THE MANILA RAILROAD COMPANY

June 30, 1948 and 1949

Cars	June 30 1949	June 30 1948
Passenger Coaches	75	69
Freight cars converted for passenger use	56	59
Rail Motor Cars	13	7
Rail Motor Car Trailers	33	15
Express Mail & Caboose Cars	25	29
Freight Cars	1,931	1,902
Service Cars	40	39
Total Cars	2,193	2,120
Locomotives	80	82

SOURCE: Report of the General Manager of the Manila Railroad Company for the Fiscal Year ended June 30, 1949.

TABLE 43. — OPERATION OF THE PHILIPPINE AIRLINES, INC.
1947 - 1949

YEAR	COMBINED	INTERNATIONAL (Overseas)	INTER-ISLAND
<i>Total Seat Miles Operated</i>			
1947	173,119,163	76,908,924	96,210,239
1948	193,771,715	96,570,560	97,201,155
1949	214,163,117	122,438,528	91,724,589
<i>Revenue Passenger Miles</i>			
1947	80,604,453	28,605,060	51,999,393
1948	103,235,177	43,790,997	59,444,180
1949	101,817,748	54,003,185	47,814,563
<i>Passengers Carried</i>			
1947	271,231	8,683	262,548
1948	310,978	10,930	300,048
1949	260,910	20,819	240,091
<i>Total Revenue Miles Flown</i>			
1947	6,529,129	2,238,089	4,291,040
1948	6,963,545	2,468,619	4,494,926
1949	7,370,318	2,877,393	4,492,925
<i>Total Cargo Carried (Kilograms)</i>			
1947	4,885,492	303,768	4,581,724
1948	5,318,655	451,437	4,867,218
1949	6,157,469	490,656	5,666,813
<i>Mail Carried (Kilograms)</i>			
1947	269,463	34,927	234,536
1948	235,036	42,201	192,835
1949	318,632	52,162	266,470

SOURCE: Comparative Statement of Traffic & Operating Statistics of the Philippine Airlines Incorporated.

TABLE 44. — WHOLESALE PRICE INDEXES¹ OF SELECTED
COMMODITIES IN MANILA

1935 - 1949
(1937 = 100)
(Preliminary)

Year and month		Combined Index	Export Products	Domestic Products
1935	.....	94.9	79.1	106.2
1936	.....	112.0	94.3	124.7
1937	.....	100.0	100.0	100.0
1938	.....	94.4	71.7	110.6
1939	.....	96.8	70.0	115.9
1940	.....	87.0	58.7	107.2
1941	.....	85.8	72.2	95.5
1946	.....	672.9	275.8	895.1
1947	.....	458.9	356.2	529.6
	January	486.6	329.3	606.6
	February	503.4	388.8	590.9
	March	494.3	366.1	592.5
	April	490.8	383.2	573.1
	May	449.9	302.9	562.7
	June	447.1	282.6	575.3
	July	417.8	259.4	539.5
	August	427.0	250.0	562.9
	September	381.1	286.2	466.7
	October	371.1	299.9	425.3
	November	393.5	351.5	425.4
	December	378.6	359.3	392.9
1948	.....	478.4	422.2	517.1
	January	425.0	454.0	401.4
	February	399.5	365.4	427.2
	March	438.3	417.0	454.6
	April	483.8	422.6	530.5
	May	475.8	419.2	519.0
	June	503.9	431.6	559.1
	July	497.2	367.8	595.8
	August	466.1	365.6	542.8
	September	474.1	367.2	555.5
	October	449.1	372.1	507.8
	November	466.9	377.5	535.1
	December	442.8	373.5	499.1
1949	.....	414.9	313.8	484.7
	January	403.7	312.8	477.4
	February	411.2	311.5	487.1
	March	422.6	325.0	496.9
	April	417.8	310.3	499.7
	May	414.0	311.0	492.5
	June	410.0	279.3	509.5
	July	400.1	275.7	489.4
	August	424.4	298.9	510.9
	September	405.6	287.8	486.7
	October	403.0	297.3	475.8
	November	405.5	320.4	464.2
	December	370.4	322.8	403.3

SOURCES: Bureau of Commerce.
Bureau of the Census and Statistics.

¹ The indexes are of weighted aggregative type.

TABLE 45.—INDEX NUMBERS¹ OF RETAIL PRICES OF STRATEGIC COMMODITIES IN MANILA

1945 = 1949
(1941 = 100)

Year and month	All items	Food-stuffs	Wearing apparel	Construction material	Fuel	Drugs and medicines	School supplies	Cigars and cigarettes	Liquor	Kitchen utensils	Starch and oils	Soap	Electrical supplies
1945	875.7	1,012.3	2	820.8	1,222.8	2	2	2	2	2	208.0	373.4	2
1946	507.2	567.0	606.7	488.0	400.2	415.2	—	287.8	—	—	331.4	236.2	—
1947	305.9	320.1	313.4	339.6	360.8	251.6	292.1	201.9	138.1	272.8	536.4	241.3	220.1
January	318.8	398.5	390.7	364.5	402.5	299.2	313.2	215.5	135.7	300.0	533.3	264.6	256.1
February	294.9	352.1	390.7	353.6	395.6	302.0	313.2	206.0	135.7	284.6	586.7	253.0	235.5
March	286.9	338.8	359.1	358.2	392.5	278.2	288.9	216.1	135.7	304.9	620.0	223.6	260.9
April	281.5	332.7	330.4	365.3	382.8	229.9	278.3	218.3	135.7	321.7	680.0	254.9	259.4
May	273.3	323.8	303.7	358.8	382.8	231.9	276.5	199.2	135.7	324.0	540.0	236.4	247.3
June	264.8	309.3	290.8	353.4	363.2	236.8	276.5	195.1	133.7	279.3	526.7	224.9	247.3
July	261.2	304.3	281.4	344.6	353.8	363.8	295.7	193.0	150.0	262.5	473.3	225.0	215.8
August	255.8	299.5	277.3	337.1	343.2	258.5	293.2	194.9	147.1	258.2	400.0	224.9	196.7
September	251.1	262.6	286.5	324.3	327.7	232.0	293.2	202.3	150.0	227.3	453.3	214.5	195.8
October	249.0	289.3	300.1	317.9	325.7	235.2	293.2	196.8	141.1	242.2	486.7	259.2	191.7
November	249.0	296.5	290.3	304.1	325.7	231.4	293.2	193.0	128.6	219.1	560.0	259.2	181.7
December	259.8	316.7	287.6	303.2	346.8	235.1	293.2	195.1	130.3	273.8	646.7	263.8	179.0
1948	292.3	322.3	338.7	306.5	329.8	192.9	257.2	203.6	180.8	275.7	288.2	207.1	148.7
January	295.2	308.9	350.1	318.3	351.9	205.6	288.7	185.5	170.5	309.8	320.9	269.8	199.1
February	313.8	346.5	339.3	338.3	351.9	187.6	255.3	202.6	179.3	316.2	299.3	269.8	199.3
March	301.8	331.9	333.6	327.9	340.7	191.7	266.1	204.3	185.2	316.2	297.9	198.0	162.3
April	292.1	318.2	346.7	313.6	326.9	190.3	263.4	194.5	187.5	316.2	299.3	198.0	147.5
May	292.4	317.4	353.5	311.2	326.9	190.3	251.6	225.2	185.0	313.0	299.5	198.0	147.5
June	266.9	308.6	342.5	291.2	321.1	189.0	243.3	207.2	178.6	284.0	306.4	214.9	145.6
July	283.4	308.1	337.3	298.1	319.1	191.7	263.4	205.8	178.6	270.8	297.9	214.9	142.5
August	283.7	313.5	332.5	304.7	327.7	188.4	253.9	205.8	178.6	205.3	299.3	194.4	134.1
September	290.5	326.9	332.5	302.3	327.7	188.4	264.1	205.8	179.2	218.3	284.6	187.1	131.0
October	293.3	331.6	335.0	303.4	325.6	197.4	246.5	205.8	182.5	270.8	259.2	187.1	131.0
November	292.4	332.9	332.4	322.4	322.4	194.0	246.5	197.8	182.5	270.8	247.7	187.1	131.0
December	286.6	324.2	324.2	280.1	317.7	201.7	246.5	205.8	182.5	249.2	256.0	187.1	133.8
1949	260.6	287.8	289.7	257.2	282.7	187.9	252.8	215.8	177.0	231.8	216.7	241.4	123.2
January	282.8	315.4	330.1	281.5	309.5	192.8	250.4	216.0	182.5	245.0	251.2	264.6	133.9
February	271.5	293.3	330.1	277.8	306.1	199.2	253.3	216.0	182.5	245.0	232.7	264.6	128.0
March	267.9	291.1	321.3	271.7	283.8	180.0	261.8	216.0	180.8	245.0	229.0	264.6	133.9
April	264.0	287.2	300.5	273.6	288.8	166.4	256.1	216.0	175.6	258.2	220.6	264.6	133.9
May	261.4	287.8	298.0	263.1	288.8	161.3	251.7	214.8	175.6	231.0	220.6	264.6	130.6
June	259.9	288.0	283.4	259.1	288.8	165.1	251.7	212.4	175.6	231.0	210.4	252.4	129.4
July	257.6	289.9	283.2	251.5	288.8	158.1	250.7	206.6	173.1	225.1	200.1	244.5	122.3
August	252.4	278.7	279.8	243.7	288.8	192.6	251.7	206.3	171.4	216.0	208.7	224.9	120.2
September	252.6	279.2	263.7	240.9	288.8	219.7	251.7	214.4	171.4	216.0	208.6	224.9	114.5
October	252.8	280.5	262.3	245.9	244.1	220.5	251.7	216.4	171.4	216.0	207.2	209.8	114.5
November	250.1	278.5	262.6	242.0	249.3	207.0	251.7	218.1	176.6	216.0	206.9	209.8	112.3
December	256.5	285.7	273.1	239.3	261.5	207.0	251.7	237.7	187.0	242.2	209.8	220.0	108.8

SOURCES OF BASIC DATA: Bureau of Commerce
Bureau of the Census and Statistics

¹ The over-all and group indexes are the geometric mean of the price relatives. About 100 commodities are included in the index.

² Data not completely available.

TABLE 46.—COST OF LIVING INDEX¹ OF A WAGE EARNER'S FAMILY IN MANILA

1937 - 1949
(1937=100)

Year and month	All Items	Food-stuffs	House rents	Clothing	Fuel Light Water	Miscellaneous
1937	100.0	100.0	100.0	100.0	100.0	100.0
1938	103.6	104.3	100.4	104.5	104.2	103.4
1939	105.3	107.4	100.3	107.5	98.9	103.8
1940	109.5	112.0	102.6	112.2	105.5	108.0
1941	112.1	113.3	103.7	113.4	117.4	111.7
1945	<u>776.1</u>	<u>944.9</u>	<u>125.0</u>	<u>1642.2</u>	<u>444.8</u>	<u>737.3</u>
January ²	—	—	—	—	—	—
February ²	—	—	—	—	—	—
March	616.6	719.7	124.6	1922.0	278.3	753.5
April	660.3	795.1	124.6	1827.6	298.5	739.0
May	762.2	905.3	124.6	2314.6	446.8	821.0
June	825.1	988.3	124.6	2109.8	482.2	881.2
July	831.5	1004.4	124.6	1886.8	461.7	887.3
August	801.6	960.9	125.2	1683.1	466.7	865.1
September	783.3	965.3	125.5	1172.3	431.6	792.3
October	813.5	1062.1	125.5	1184.9	547.1	558.1
November	827.5	1082.4	125.5	1153.1	563.6	558.5
December	739.6	965.7	125.5	1168.1	471.7	517.3
1946	<u>584.8</u>	<u>728.9</u>	<u>245.2</u>	<u>736.8</u>	<u>408.7</u>	<u>428.2</u>
January	676.5	859.8	245.2	1115.6	427.0	485.8
February	613.5	743.3	245.2	1066.1	433.7	514.5
March	589.6	714.6	245.2	1065.9	399.5	497.4
April	623.5	774.7	245.2	1032.1	405.5	487.0
May	611.1	765.1	245.2	864.5	401.8	457.7
June	603.9	754.7	245.2	836.6	402.9	451.6
July	619.6	797.6	245.2	679.0	400.6	407.4
August	535.8	668.2	245.2	436.2	376.6	386.9
September	535.8	669.6	245.2	429.4	369.1	387.9
October	546.6	665.0	245.2	433.9	476.3	382.9
November	543.5	688.3	245.2	460.8	406.7	341.3
December	517.8	646.4	245.2	421.7	404.6	337.5
1947	<u>434.0</u>	<u>470.2</u>	<u>470.9</u>	<u>291.2</u>	<u>363.9</u>	<u>303.0</u>
January	477.8	530.2	470.9	433.0	382.9	315.6
February	469.2	515.2	470.9	403.9	404.7	314.4
March	456.1	498.4	470.9	334.7	392.8	312.2
April	434.6	468.1	470.9	305.2	386.0	303.5
May	427.1	458.0	470.9	284.5	381.9	301.0
June	433.1	469.3	470.9	268.5	371.6	300.1
July	441.0	483.4	470.9	246.8	363.0	301.6
August	434.3	475.4	470.9	238.3	342.7	300.7
September	413.6	444.1	470.9	245.4	332.5	298.1
October	402.1	426.2	470.9	241.2	329.2	299.1
November	401.8	426.2	470.9	243.9	329.2	296.4
December	416.9	448.2	470.9	248.4	350.0	293.7

TABLE 46.—COST OF LIVING INDEX¹ OF A WAGE EARNER'S
FAMILY IN MANILA (Cont'd.)
1937 - 1949
(1937 = 100)

Year and month	All Items	Food- stuffs	House rents	Cloth- ing	Fuel Light Water	Miscel- laneous
1948	410.1	437.1	470.9	236.3	339.1	289.6
January	438.6	485.0	470.9	254.5	357.5	279.2
February	413.1	443.9	470.9	253.7	353.4	284.2
March	414.1	408.8	470.9	243.3	361.6	285.9
April	399.2	423.7	470.9	237.4	340.0	284.7
May	392.2	407.9	470.9	242.9	340.0	303.5
June	397.2	419.5	470.9	232.7	332.4	293.7
July	399.6	423.8	470.9	228.2	330.5	293.2
August	407.6	436.8	470.9	226.5	330.5	292.4
September	415.5	449.8	470.9	225.9	328.2	291.2
October	420.3	457.5	470.9	232.2	332.4	288.2
November	413.3	446.7	470.9	299.0	330.5	289.1
December	410.2	441.6	470.9	229.0	331.6	289.3
1949	385.3	405.3	470.9	224.9	320.3	279.8
January	407.8	438.1	470.9	229.0	327.5	280.3
February	385.4	402.6	470.9	230.2	325.7	289.3
March	387.1	405.7	470.9	229.0	324.3	288.8
April	390.9	410.6	470.9	224.0	337.4	287.3
May	391.0	410.9	470.9	223.6	337.4	287.3
June	391.3	411.0	470.9	231.2	337.4	287.4
July	394.3	423.6	470.9	220.2	312.0	268.7
August	378.4	397.7	470.9	222.6	312.9	269.5
September	374.0	390.8	470.9	215.8	310.8	271.6
October	373.2	388.8	470.9	226.6	310.8	273.7
November	380.7	403.3	470.9	216.7	303.3	267.9
December	369.5	380.4	470.9	230.0	304.6	286.3

SOURCE OF BASIC DATA: Bureau of the Census and Statistics.

¹ The index has been weighted by consumption weights. Over-all index is weighted by the relative importance of group item in the average family budget of a wage-earner in Manila.

² No comparable data available.

TABLE 47.—FOOI COST INDEXES¹ IN MANILA

1937 - 1949

(1937 = 100)

Year and month	All foodstuffs	Rice	Fih	Meat	Poultry	Eggs	Vegetables	Fruits	Miscellaneous
1937	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1938	104.3	118.6	10.0	94.0	107.2	108.6	242.3	89.3	92.3
1939	107.4	118.6	11.4	97.5	100.9	108.9	277.9	90.9	97.5
1940	112.0	114.8	13.0	100.0	103.2	110.9	320.6	84.3	95.6
1941	113.3	111.1	13.2	100.0	107.5	113.1	355.9	97.4	104.6
1945	945.0	517.4	96.9	1,058.9	1,134.2	1,440.5	6,826.7	1,267.2	891.6
January ²	—	—	—	—	—	—	—	—	—
February ²	—	—	—	—	—	—	—	—	—
March	719.4	277.8	78.3	1,053.9	1,263.2	1,300.6	3,277.9	1,271.5	764.5
April	795.1	325.9	1,031.4	980.1	1,242.8	1,254.6	4,451.6	1,292.5	637.4
May	905.3	396.3	1,134.4	980.1	1,400.8	1,598.0	5,700.4	1,517.3	752.2
June	988.3	255.6	1,068.8	1,153.2	1,448.4	1,729.0	7,913.5	1,691.2	1,167.7
July	1,004.4	159.2	1,127.2	1,150.4	1,370.9	1,665.4	9,185.1	1,602.7	1,302.9
August	960.9	444.4	905.1	1,043.3	1,027.4	1,644.7	9,938.8	1,402.7	1,130.8
September	965.3	622.2	821.1	929.4	893.8	1,323.8	9,013.5	1,142.5	760.8
October	1,062.1	833.3	959.5	1,110.2	826.3	1,401.6	7,505.7	978.4	798.0
November	1,082.4	951.9	952.0	1,080.8	887.1	1,300.2	6,884.7	926.5	840.3
December	965.7	907.4	848.3	1,108.0	981.7	1,187.1	4,394.7	846.3	761.2
1946	768.7	647.0	856.1	1,078.9	688.4	946.4	2,008.2	804.2	659.7
January	859.8	640.8	927.1	1,184.4	845.8	1,383.1	3,347.0	779.0	744.2
February	743.3	518.6	877.1	1,107.7	711.0	1,053.7	2,260.5	336.9	657.9
March	714.6	566.7	881.1	1,078.8	636.0	868.4	1,619.6	702.1	584.3
April	774.7	663.0	950.1	1,059.8	671.2	859.3	1,534.2	815.2	681.6
May	765.1	729.7	781.1	1,054.7	638.3	745.7	1,762.3	868.6	644.9
June	754.7	763.0	719.1	988.0	628.0	745.5	1,653.4	828.4	645.3
July	797.6	822.2	742.1	1,021.0	571.9	810.3	1,901.1	971.1	624.2
August	668.2	574.1	653.1	945.6	504.5	707.7	1,828.5	943.3	692.7
September	669.6	592.6	660.1	891.0	443.7	740.5	1,722.1	922.7	643.0
October	665.0	574.1	592.1	916.2	443.3	764.8	1,900.7	950.4	669.6
November	688.3	528.2	613.1	1,124.7	499.2	678.7	2,253.0	1,080.9	713.0
December	646.5	522.2	647.1	998.1	612.6	661.9	1,354.8	952.0	598.2
1947	470.5	469.3	458.2	590.8	451.8	480.8	1,483.1	462.6	352.3
January	530.2	504.2	594.1	623.8	475.5	544.2	989.7	706.1	457.9
February	515.2	532.4	536.0	621.6	514.5	544.2	835.2	680.5	404.7

TABLE 47.—FOOD COST INDEXES¹ IN MANILA
1937 — 1949
(1937=100) (Cont'd.)

Year and month	All foodstuffs	Rice	Fish	Meat	Poultry	Eggs	Vegetables	Fruits	Miscellaneous
1947 (Continued)									
March	498.4	510.9	502.6	618.8	495.7	544.2	787.9	727.5	380.2
April	468.1	504.9	442.5	621.6	463.0	544.2	830.2	402.6	376.4
May	458.0	496.4	404.1	621.6	448.8	451.7	1,013.9	367.0	369.7
June	469.3	499.1	443.9	595.5	451.2	451.0	1,425.6	332.5	347.8
July	483.4	516.6	418.9	573.5	434.1	464.3	1,976.5	340.3	350.5
August	475.4	498.3	425.6	578.7	428.1	460.3	1,900.4	402.3	309.7
September	444.1	430.8	444.3	562.3	399.6	460.3	1,728.8	376.6	305.1
October	426.2	395.6	422.1	552.8	387.0	454.6	1,806.8	378.8	299.3
November	426.2	365.2	445.8	562.3	400.4	427.7	1,832.4	410.8	312.8
December	448.2	377.3	420.8	556.6	423.3	423.0	2,670.0	426.0	313.8
1948	437.2	490.9	420.9	523.0	374.3	370.6	1,146.4	431.1	288.2
January	485.0	418.0	612.0	562.3	406.6	432.4	2,104.3	464.6	307.9
February	443.9	435.8	528.7	547.3	399.0	419.7	1,519.9	474.8	300.5
March	408.8	427.7	402.0	518.4	406.3	388.5	1,048.8	421.8	288.0
April	423.7	398.2	383.8	518.4	398.7	360.5	901.8	373.6	285.7
May	407.9	481.8	374.8	518.4	360.1	319.8	760.0	352.1	288.3
June	419.5	505.0	387.1	519.6	359.4	318.2	739.5	353.0	289.6
July	423.8	530.1	359.3	520.1	339.0	332.8	800.4	351.6	378.6
August	436.8	510.0	424.5	500.5	325.8	362.9	1,013.9	441.2	278.3
September	449.8	510.0	424.8	518.4	378.8	369.8	1,241.6	477.2	282.6
October	457.5	531.9	396.3	526.0	374.8	377.1	1,309.3	529.9	273.4
November	446.7	531.9	364.4	518.4	364.7	381.8	1,235.2	469.2	283.6
December	441.6	510.0	393.2	518.4	378.6	384.2	1,074.4	464.3	301.9
1949	405.3	466.8	376.2	511.7	386.1	353.6	692.8	413.0	284.8
January	438.1	499.1	452.6	518.4	389.2	376.8	767.3	451.3	295.5
February	402.6	466.3	367.4	518.4	360.1	377.4	571.2	435.0	288.6
March	405.7	466.3	387.5	518.4	360.1	359.0	621.7	428.5	280.3
April	410.6	466.3	429.6	507.4	360.1	319.3	596.8	422.3	289.2
May	410.9	466.3	429.2	517.5	360.1	297.1	587.2	423.9	288.7
June	411.0	472.7	391.1	518.4	427.3	304.5	716.7	397.9	287.8
July	423.6	486.0	420.8	518.4	451.0	304.5	713.5	412.1	295.6
August	397.7	484.6	304.4	503.5	415	351.4	704.6	416.2	273.5
September	390.8	474.6	322.3	488.5	387.3	369.8	631.0	387.4	267.1
October	388.8	443.7	359.8	499.4	368.1	369.7	642.0	411.9	269.1
November	403.3	448.1	353.0	555.5	377.6	404.3	824.6	384.6	284.6
December	380.4	427.7	296.2	476.4	382.4	409.5	937.0	348.4	287.1

SOURCE OF BASIC DATA: Bureau of the Census and Statistics.

¹ The indexes are of weighted aggregative type, using consumption weights of wage-earner's family in Manila.

² No comparable data available.

TABLE 48.—WAGE RATES¹ AND WAGE INDEXES OF LABORERS IN INDUSTRIAL ESTABLISHMENTS IN MANILA

1941 — 1949
(1941=100)

Year and Month	Wage rate in pesos		Index	
	Skilled laborer	Unskilled laborer	Skilled laborer	Unskilled laborer
1941	2.29	1.24	100.0	100.0
1945	5.83	3.27	254.6	263.7
1946	6.73	4.53	293.9	365.3
1947	7.54	4.66	329.2	375.8
1948	7.47	4.69	326.2	378.2
1949	7.61	4.90	332.3	395.2
January	7.57	4.70	330.7	379.0
February	7.58	4.79	331.0	386.3
March	7.60	4.93	331.9	397.6
April	7.61	4.92	332.3	396.8
May	7.61	4.92	332.3	396.8
June	7.61	4.93	332.3	397.6
July	7.61	4.94	332.3	398.4
August	7.62	4.94	332.8	398.4
September	7.62	4.94	332.8	398.4
October	7.61	4.92	332.3	396.8
November	7.61	4.92	332.3	396.8
December	7.61	4.92	332.3	396.8

SOURCE: Bureau of the Census and Statistics.

¹ Wage rates are the weighted daily average monetary wage rates of each group of laborers. The series are revised.

TABLE 49.—WAGE RATES¹ AND WAGE INDEXES OF AGRICULTURAL LABORERS IN THE PHILIPPINES, BY REGION

1941, 1947, 1948 and 1949
(1941=100)

Region	1941		1947		1948		1949	
	Wage rate (Pesos)	Index	Wage rate (Pesos)	Index	Wage rate (Pesos)	Index	Wage rate (Pesos)	Index
Philippines	0.56	2.05	366.1	1.66	296.4	1.73	308.9	
Luzon: Ilocos—Mountain region	0.53	2.06	388.7	1.40	264.2	1.67	315.1	
Luzon: Cagayan Valley, including Batanes	0.61	1.44	236.1	1.43	234.4	1.76	288.5	
Central Luzon, including Zambales	0.67	3.00	447.8	2.35	350.7	2.04	304.5	
Southern Luzon, including Marinduque and Mindoro	0.66	3.06	463.6	2.00	415.2	2.02	306.1	
Southeastern Luzon, Bicol	0.52	2.05	494.2	1.42	273.1	1.51	290.4	
Easter Visayas	0.37	1.50	405.4	1.25	337.8	1.27	343.2	
Western Visayas	0.43	1.38	320.9	1.13	362.8	1.37	318.6	
Mindanao, including Sulu	0.60	1.80	300.0	1.77	295.0	1.86	310.0	

SOURCE: Bureau of the Census and Statistics.

¹ Wage rates are averages of daily money wage rates. Aside from money wage, agricultural laborers are furnished with two free meals.

TABLE 50
STATEMENT OF INCOME AND EXPENDITURES
GENERAL FUND

January 1—June 30, 1948 & 1949

<i>I t e m</i>	1948	1949	+ —	Increase Decrease
Revenue from taxation . . .	P129,313,793.68	P139,799,236.55	+	10,476,442.87
Incidental Revenue	2,386,986.73	2,798,453.29	+	411,466.56
Earnings & Other Credits . .	12,914,852.31	18,757,188.69	+	3,842,336.38
Repayment of Advances . .	357,203.73	1,229,286.97	+	872,083.24
Transfers from other Funds	1,223,300.55	985,321.18	—	237,979.37
Total Income & Transfers	148,196,137.00	163,560,486.68	+	15,364,349.68
Administrative Expenses . .	149,182,463.23	214,299,389.07	+	65,116,925.84
Contributions to Local Governments	2,798,074.05	1,311,295.20	—	1,486,778.85
Pensions & Gratuities	8,399,003.51	11,430,998.06	+	3,031,994.55
Outlays	7,968,750.19	7,264,511.07	—	704,239.12
Investments	9,117,604.26	3,064,445.54	—	6,053,158.72
Public Debt	7,794,146.42	18,305,690.52	+	10,511,544.10
Public Works	20,556,224.45	19,381,720.30	—	1,174,504.15
Other Charges	2,516.40	77,723.93	+	75,207.53
Transfers to Other Funds . .	1,321,715.94	946,039.39	—	375,676.55
Total Expenditures and Transfers	207,140,498.45	276,081,813.08	+	68,941,314.63
INCREASE (OR DE- CREASE) in Current Surplus during the period (Jan. 1 to June 30) . . .	(58,944,361.45)	(112,521,326.40)	—	53,576,964.95
ADD: Current Surplus at the beginning of the pe- riod (Jan. 1)	70,084,151.24	37,327,065.57	—	32,757,085.67
CURRENT SURPLUS at the end of the period (June 30)	11,139,789.79	(75,194,260.83)	—	86,334,050.62

SOURCE: General Auditing Office.

TABLE 50-A
STATEMENT OF INCOME AND EXPENDITURES
GENERAL FUND

January 1 to June 30, 1949

I T E M S	Ordinary	Extraordinary	Total
INCOME:			
<i>Revenue from Taxation—</i>	P139,790,236.55	—	P139,790,236.55
Import duties	14,822,673.56	—	
Excise tax	47,635,625.20	—	
License and business tax	57,921,707.72	—	
Income tax	27,217,131.97	—	
War profit tax	41,552.72	—	
Documentary stamp tax	3,883,983.54	—	
Tonnage dues	248,961.19	—	
Immigration tax	669,966.24	—	
Inheritance tax	1,068,174.35	—	
Franchise tax	798,583.89	—	
Residence tax	2,164,470.32	—	
Apportionment of internal revenue to local governments, Comm. Act No. 586	(16,682,594.15)	—	(16,682,594.15)
<i>Incidental Revenue—</i>	2,798,453.29	—	2,798,453.29
Revenue from public forests	1,880,875.42	—	
Fines and penalties, internal revenue taxes	738,747.18	—	
Apportionment of internal revenue to local governments, Comm. Act No. 466, as amended by Comm. Act 586	(55,831.93)	—	
Fines and forfeitures	163,286.79	—	
Sales of public domain	(64,643.60)	—	
Other incidental revenue— (Registration of corporations, trademarks and patents, and rental of water power, section 22, Act 2152)	136,019.43	—	
<i>Earnings and Other Credits—</i>	18,757,188.69	—	18,757,188.69
Operating income of commercial and industrial units	4,525,604.49	—	
Income incidental to functional activities	7,898,840.29	—	
Interest on deposits	3,100,000.00	—	
Voluntary contributions from the public	(26,000.00)	—	
Receipts from the Philippine Charity Sweepstakes	1,022,698.18	—	
Other credits— Sales of fixed property	27,467.14	—	

I T E M S	Ordinary	Extraordinary	Total
INCOME (Continued):			
Prior year credits	2,191,092.51	—	
Inventory adjustments (sales stock and supplies & materials)	4,010.24	—	
Reimbursement of the ex- penses of the Emergency Currency Board	13,475.84	—	
<i>Repayment of advances—</i>	—	1,229,286.97	1,229,286.97
Repayment of advances for interest on Metropolitan Water District and local gov't. bonds	—	1,229,286.97	
Total Income	<u>161,345,878.53</u>	<u>1,229,286.97</u>	<u>162,575,165.50</u>
<i>Transfers and Reversions From Various and Other Funds—</i> .			
Fidelity Insurance Fund, Sec- tion 325, Act 2711	—	985,321.18	985,321.18
Road and Bridges Fund, Act No. 3932	—	258,502.76	
Assessment Advance Fund, Rep. Act 78	—	448,068.21	
	—	278,750.21	
TOTAL INCOME AND TRANSFERS AND REVER- SIONS	<u>161,345,878.53</u>	<u>2,214,608.15</u>	<u>163,560,486.68</u>
EXPENDITURES:			
<i>Administrative Expenses—</i>	214,026,477.22	272,911.85	214,299,389.07
Salaries	47,111,277.03	—	
Bonus to employees	28.16	—	
Three months' advance pay (bonus) of personnel of the Phil. Army	31,966.38	—	
Salaries of temporary and emergency employees	1,291,734.47	—	
Wages	30,663,310.88	—	
Wages of temporary and emergency employees	4,024,279.94	—	
Travel expenses of personnel .	6,144,333.15	—	
Freight, express and delivery service	3,731,320.68	—	
Postal, telegraph, telephone, radio and cable service ...	556,441.49	—	
Illumination & power service .	320,724.83	—	
Insurance premiums (gov't. share)	1,369,882.50	—	
Miscellaneous service	3,074,879.10	—	
Rental of buildings & grounds	2,142,052.88	—	
Consumption of supplies & materials	15,281,479.61	—	

I T E M S	Ordinary	Extraordinary	Total
EXPENDITURES: (Cont'd.)			
Printing and binding reports, documents and publications	375,611.49	—	
Discretionary expenditures ..	895,456.95	—	
Travel expenses of persons not government employees ...	125,405.56	—	
Maintenance and repair of equipment	1,767,938.75	—	
Operation and maintenance of public elementary schools	95,118,353.37	—	
Elections expenses	—	272,978.55	
Expenses in the holding of the plebiscite on parity rights, Republic Act No. 73	—	(66.70)	
<i>Contributions to Local Governments—</i>	1,311,295.20	—	1,311,295.20
Aid for educational purposes .	485,093.47	—	
Aid for public health and sanitation, construction, maintenance and operation of provincial hospitals, etc. (Bu. of Health & Bu. of Hospital)	523,355.21	—	
Aid to Non-Christian and specially organized provinces .	321,499.03	—	
Aid to provincial, city and municipal governments ...	(35,650.00)	—	
Aid for other purposes	16,997.49	—	
<i>Pensions and Gratuities—</i>	11,430,998.06	—	11,430,998.06
Retirement gratuities (Osmeña Act), as amended	584,692.12	—	
Retirement gratuities, Act No. 4151	112,216.40	—	
Retirement gratuities, Comm. Acts Nos. 277, 311, 350, 370, 371 & 536	30,500.00	—	
Other retirement gratuities ..	142,306.73	—	
Pensions to veterans of Philippine Revolutions and Wars	6,606,802.84	—	
Other cash contributions and gratuities	3,954,479.97	—	
<i>Outlays—</i>	7,054,052.67	210,458.40	7,264,511.07
Purchase of equipment	7,054,052.67	—	
Purchase and improvement of land	—	210,458.40	
<i>Investments—</i>	—	3,064,445.54	3,064,445.54
Advances for the payment of interest and exchange charges on Metropolitan Water District and local government bonds	—	1,596,358.25	

I T E M S	Ordinary	Extraordinary	Total
EXPENDITURES: (Cont'd.)			
Advances for the payment of contributions to sinking funds of Metropolitan Water District and local government bonds	—	344,369.58	
National Airports Corporation, Rep. Act 224	—	300,000.00	
National Tobacco Corporation, Republic Act No. 302 .	—	600,000.00	
Philippine Veterans Board, Republic Act No. 65	—	3,917.71	
National Coconut Corporation, Republic Act No. 5 ..	—	220,000.00	
Loans to veterans, Rep. Act No. 65	—	(200.00)	
<i>Public Debt</i> —	18,305,690.52	—	18,305,690.52
Contributions to sinking funds	3,715,856.85	—	
Interest on national bonds ..	2,589,333.50	—	
Exchange charges in the payment of interest on bonds .	500.17	—	
Interest on budgetary loans from the U.S. RFC	1,200,000.00	—	
Contribution to sinking fund for backpay	10,800,000.00	—	
<i>Public Works</i> —	15,104,425.42	4,277,294.88	19,381,720.30
National Aid—			
For construction, reconstruction & maintenance of roads & bridges	2,737,741.88	—	
For repair, construction & improvement of public buildings, including purchase of school, hospital and market sites	3,992,032.92	—	
For repair, construction & improvement of water supply systems	228,976.11	—	
For repair, construction & improvement of river control and sea protection works	157,940.00	—	
For other public works projects	936,003.23	—	
Construction of public buildings	—	2,499,519.10	
Maintenance, alteration, improvement and repair of public buildings and grounds	1,828,987.77	—	

I T E M S	Ordinary	Extraordinary	Total
EXPENDITURES: (Cont'd.)			
Construction of roads and bridges	—	595.56	
Maintenance and repair of roads and bridges	44,094.82	—	
Construction of irrigation systems	—	1,459,144.14	
Maintenance & repair of irrigation systems	1,963,150.96	—	
Construction of river control and sea protection works ..	—	467,469.69	
Maintenance and repair of river control and sea protection works	2,086,699.37	—	
Construction of water supply systems	—	(2,010.61)	
Maintenance and repair of water supply systems	588,470.14	—	
Repair and drilling of artesian wells	538,225.21	—	
Miscellaneous overhead expenses	2,103.01	—	
Purchase of site	—	(147,423.00)	
<i>Other Charges—</i>	—	77,723.93	77,723.93
Extraordinary losses	—	52,690.53	
Deterioration of supplies and sales stock	—	25,033.40	
Total Expenditures	<u>267,232,939.09</u>	<u>7,902,834.60</u>	<u>275,135,773.69</u>
<i>Appropriations Transferred to Special and Other Funds—</i>	—	946,039.39	946,039.39
Care and Maintenance of Neglected Children Fund, Comm. Act No. 99; Rep. Act 320 and Executive Order No. 94, dated October 4, 1947	—	319,017.73	
Promotion and Development of Agriculture & Industry in Penal Colonies Fund, Act No. 4012, as amended; Rep. Act No. 320; and Executive Order No. 94, dated October 4, 1947 ...	—	(8,339.42)	
Purchase and Resale of textbooks to private schools, Republic Act No. 74	—	50,000.00	
Property Insurance Fund, Comm. Act No. 455	—	(100,000.00)	

I T E M S	Ordinary	Extraordinary	Total
EXPENDITURES: (continued)			
Friar Lands Real Estate Fund, Republic Act 320; and Executive Order No. 94 dated October 4, 1947 .	—	24,818.57	
Public Land Survey Subdivision Fund, Rep. Act 320 ..	—	100,000.00	
Tobacco Research Fund, Comm. Act No. 723	—	10,143.36	
Government Service Insurance System, Comm. Acts Nos. 237, 706 & 710	—	550,399.15	
TOTAL EXPENDITURES AND TRANSFERS	<u>266,986,160.70</u>	<u>9,095,652.38</u>	<u>276,081,813.08</u>
Increase (or Decrease) in Current Surplus During the Period			(112,521,326.40)
Add—Current Surplus at the Beginning of the Period			37,327,065.57
Current Surplus at the End of the Period			(75,194,260.83)

SOURCE: General Auditing Office.

TABLE 51
STATEMENT OF INCOME AND EXPENDITURES
BOND FUND
JANUARY TO JUNE 30, 1949

I t e m s	Ordinary	Extraordinary	Total
INCOME:			
<i>EARNINGS AND OTHER</i>			
<i>CREDITS</i>	—	9,739,420.00	9,739,420.00
Proceeds of Rehabilitation and Development (Inter- im) Bonds, Republic Act No. 266	—	9,739,420.00	
Total Income	—	9,739,420.00	9,739,420.00
EXPENDITURES:			
<i>INVESTMENTS</i>	—	4,739,420.00	4,739,420.00
Loan to the National Devel- opment Company for the development of the ship- ping industry, Republic Act No. 266	—	2,354,420.00	
Loan to the National Devel- opment Company for the development of the rice and corn project, Rep. Act No. 266	—	1,605,000.00	
Loan to the National Devel- opment Company for the development of the textile project, Republic Act No. 266	—	500,000.00	
Loan to the National Power Corporation for the reha- bilitation of the Lumot Di- version Project, Rep. Act No. 266	—	280,000.00	
Total Expenditures	—	4,739,420.00	4,739,420.00
Increase (or Decrease) in Current Surplus During the Period			5,000,000.00
Add—Current Surplus at the Be- ginning of the Period
Current Surplus at the End of the Period			5,000,000.00
SOURCE: General Auditing Office.			

TABLE 52
STATEMENT OF INCOME AND EXPENDITURES
SPECIAL FUND

January 1—June 30, 1948 & 1949

Items	1948			1949			+ —	Increase Decrease
	Ordinary	Extraordinary	Total	Ordinary	Extraordinary	Total		
Revenue from taxation	P24,756,099.95	—	P24,756,099.95	P19,464,907.69	—	19,464,907.69	—	5,291,192.26
Incidental revenue	161,926.40	—	161,926.40	856,073.54	—	856,073.54	+	694,147.14
Earnings & other credits	9,087,517.26	31,378,159.84	40,825,677.10	8,371,040.89	7,125,885.86	15,497,526.75	—	25,328,150.35
Repayment of advances	—	—	—	—	96,690.27	96,690.27	+	96,690.27
Transfers from the General Fund and Other Funds	—	620,692.80	620,692.80	—	395,640.24	395,640.24	—	225,052.56
Total Income and Transfers	34,005,543.61	32,358,852.64	66,364,396.25	28,692,622.12	7,618,216.37	36,310,838.49	—	30,053,557.76
Administrative expenses	13,711,657.05	—	13,711,657.05	13,878,853.22	—	13,878,853.22	+	167,196.17
Pensions and Gratuities	93,940.33	—	93,940.33	95,615.17	—	95,615.17	+	1,674.84
Outlays	1,042,600.88	—	1,042,600.88	1,654,142.97	—	1,654,142.97	+	1,542.09
Investments	—	8,039,642.08	8,039,642.08	—	1,194,209.28	1,194,209.28	—	6,845,432.80
Public works	7,513,466.90	1,154,540.95	8,668,007.85	6,539,436.37	1,208,889.08	7,748,325.45	—	919,682.40
Other charges	459,523.63	52,561.34	512,884.97	354,140.89	985,321.18	402,649.75	—	109,435.22
Transfers and Reversions to the General Fund	—	1,223,300.55	1,223,300.55	—	48,508.86	985,321.18	—	237,979.37
Total Expenditures and Transfers	22,821,188.79	10,470,044.92	33,291,233.71	22,522,188.62	3,436,928.40	25,959,117.02	—	7,332,116.69
Increase (or Decrease) in current surplus during the period								
Jan. 1 — June 30			33,073,162.54			10,351,721.47	—	22,721,441.07
Add: Current Surplus at beginning of the period (1/1)			85,675,141.79			132,441,523.02	+	46,766,381.23
Current Surplus at the end of the period (6/30)			118,748,304.33			142,793,244.49	+	24,044,940.16

SOURCE: General Auditing Office.

TABLE 52-A
STATEMENT OF INCOME AND EXPENDITURES
SPECIAL FUND

January 1 to June 30, 1949

Items	Ordinary	Extraordinary	Total
INCOME:			
<i>Revenue from Taxation —</i>	₱19,464,907.69	—	₱19,464,907.69
Excise tax (motor fuel)	22,500,473.59	—	
Apportionment of motor fuel fund to local governments	(9,016,266.00)	—	
License & business tax (motor vehicles)	6,917,006.26	—	
Apportionment of motor vehicles fund to local governments	(2,417,309.00)	—	
Wharfage fees	1,481,002.84	—	
<i>Incidental Revenue —</i>	856,073.54	—	856,073.54
Revenue from public forests	438,844.22	—	
Fines and forfeitures	114,403.44	—	
Sales of public domain	302,825.88	—	
<i>Earnings and Other Credits</i>	8,371,640.89	7,125,885.86	15,497,526.75
Operating income of commercial and industrial units	4,572,942.34	—	
Income incidental to functional activities	2,764,962.44	—	
Interest on loans & investments	176,565.77	—	
Other credits —			
Sales of fixed property —	—		
Sales of surplus property	—	7,125,885.86	
Sales of other fixed property	7,626.77	—	
Sales of Friar Lands real estates	87,083.70	—	
Prior year credits	619,429.11	—	
Inventory adjustments (sales stock, and supplies & materials)	143,030.76	—	
<i>Repayment of Advances —</i>	—	96,690.27	96,690.27
Repayment of advances for the revision of real property assessments in the provinces & chartered cities, Rep. Act 78	—	96,690.27	
<i>Appropriations Received from the General and Other Funds —</i>	—		395,640.24

Items	Ordinary	Extraordinary	Total
INCOME: (Cont'd.)			
Promotion & Development of Agriculture & Industries in Penal Colonies Fund	—	(8,339.42)	
Care & Maintenance of Neglected Children Fund	—	319,017.73	
Tobacco Inspection Fund	—	10,143.36	
Friar Lands Real Estates Fund	—	24,818.57	
Purchase & Resale of Text- books to Private School Students	—	50,000.00	
TOTAL INCOME AND TRANSFERS	<u>28,692,622.12</u>	<u>7,618,216.37</u>	<u>36,310,838.49</u>
EXPENDITURES:			
<i>Administrative Expenses</i> —	P13,878,853.22	—	P13,878,853.22
Salaries	4,148,518.30	—	
Salaries of temporary and emergency employees	152,761.14	—	
Wages	4,026,767.88	—	
Wages of temporary and emergency employees	2,904,021.46	—	
Travel expenses of personnel	412,409.29	—	
Freight, express & delivery service	55,835.85	—	
Postal, telegraph, tele- phone, radio and cable service	52,472.38	—	
Illumination & power ser- vice	59,845.79	—	
Insurance premiums (gov't share)	100,251.43	—	
Miscellaneous services	836,974.94	—	
Rental of buildings & grounds	265,429.01	—	
Consumption of supplies & materials	2,641,851.78	—	
Printing & binding reports, documents & publica- tions	15,445.84	—	
Discretionary expenditures	1,642.51	—	
Travel expenses of per- sons not government em- ployees	481.85	—	
Maintenance and repair or equipment	204,143.77	—	
<i>Pensions and Gratuities</i> —	95,615.17	—	95,615.17
Retirement gratuities, Act 2589		—	

I t e m s	Ordinary	Extraordinary	T o t a l
EXPENDITURES (Cont'd)			
Two months' gratuity, Excc. Order 83	125.00	—	
Cash contributions & gra- tuities	86,444.31	—	
<i>Outlays</i> —	1,654,142.97	—	1,654,142.97
Purchase of equipment	1,654,142.97	—	
<i>Investments</i> —	—	1,194,209.28	1,194,209.28
Subscription to the capi- tal stock of the Rehabi- litation Finance Corpo- ration	—	1,194,209.28	
<i>Public Works</i> —	6,539,436.37	1,208,889.08	7,748,325.45
National Aid—			
For the repair & improve- ment of river and sea controls	67,139.40	—	
Construction & improve- ment of roads and bridges	—	844,398.34	
Maintenance & repair of roads & bridges	5,349,577.18	—	
Construction & improve- ment of ports	—	230,988.25	
Maintenance & repair of ports including dredging	651,528.51	—	
Maintenance of irrigation systems	409,774.33	—	
Construction of public buildings	—	113,178.64	
Maintenance, alteration, improvement & repair of public buildings	61,416.95	—	
Reconstruction & improve- ment of lighthouses & other aids to navigation	—	13,150.92	
Construction of cargo sheds	—	6,039.21	
Construction of irrigation systems	—	1,133.62	
<i>Other Charges</i> —	354,140.89	48,508.06	402,649.75
Extraordinary losses	—	12,938.58	
Repayment of advances for payment of two months' gratuity	—	34,937.50	
	305		

Items	Ordinary	Extraordinary	Total
EXPENDITURES: (Cont'd.)			
Contribution to the Agricultural and Industrial Bank in connection with the administration of the lendable funds of the Special Fund	14,786.81	—	
Deterioration of supplies and sales stock	—	632.68	
Payment of loans	144,532.18	—	
Interest on loans	194,821.90	—	
<i>Transfers and Reversions to the General Fund —</i>	—	985,321.18	985,321.18
Assessment Advance Fund	—	278,750.21	
Fidelity Insurance Fund	—	258,502.76	
Roads and Bridges Fund	—	448,068.21	
TOTAL EXPENDITURES, TRANSFERS AND REVERSIONS	P 22,522,188.62	P 3,436,928.40	P 25,959,117.02
INCREASE (OR DECREASE) IN CURRENT SURPLUS DURING THE PERIOD JANUARY 1 to JUNE 30			P 10,351,721.47
ADD: CURRENT SURPLUS AT THE BEGINNING OF THE PERIOD (January 1)			P 132,441,523.02
CURRENT SURPLUS AT THE END OF THE PERIOD (June 30)			P 142,793,244.49

SOURCE: General Auditing Office.

TABLE 53. — PUBLIC DEBT
AS OF DECEMBER 31, 1948 & 1949

Item	1948	1949
National Government Bonds	P 82,100,000.00	P136,146,450.80 ¹
Provincial Government Bonds	16,977,000.00	16,977,000.00
Municipal Government Bonds	1,260,000.00	1,090,000.00
Manila & Other Chartered Cities Bonds	11,670,000.00	11,670,000.00
Metropolitan Water District Bonds	12,500,000.00	12,500,000.00
National Power Corporation Bonds	8,500,000.00	8,500,000.00
Rehabilitation Finance Corporation ² ..	51,734,200.00	54,656,100.00
Total Bonded Indebtedness ³	<u>184,741,200.00</u>	<u>241,539,550.80</u>
Long-Term Loans ⁴	4,901,427.85	4,429,660.13
Backpay Obligation ⁵	300,000,000.00	300,000,000.00
Treasury Bills ⁶	—	1,000,000.00
Budgetary Loan	<u>120,000,000.00</u>	<u>120,000,000.00</u>
Total Government Loans and Other Non-Bonded Obligations	<u>424,901,427.85</u>	<u>425,429,660.13</u>
TOTAL PUBLIC DEBT	<u>P609,642,627.83</u>	<u>P666,969,210.93</u>

SOURCES: General Auditing Office.
Rehabilitation Finance Corporation.
National Treasury.
Securities Market Department, Central Bank of the Philippines.

¹ Includes Rehabilitation and Development Bonds of 1949 (P54,046,450.80).

² No sinking fund provisions; redeemable on demand 60 days after issue.

³ Exclusive of Manila Railroad Company Bonds in the amount of P31,972,000.00 of which only the interest on P1,388,000.00 worth of Southern Lines Bonds is guaranteed by the the National Government.

⁴ For construction of permanent bridges; no maturity date; no fixed amortization payments; proceeds derived from borrowings from special government funds such as the GSIS Funds Postal Savings Bank Fund and San Lazaro Loan Fund; amortization and interest payments derived from toll bridges collections; now in the process of liquidation with RFC as administrator.

⁵ Estimated; obligations assumed and sinking fund started July 1948; no proceeds derived from this obligation.

⁶ Held and acquired by Bank of the Philippine Islands from Central Bank at 1-1/2% discount on July 15, 1949, due July 15, 1950.

TABLE 54. — PUBLIC DEBT CLASSIFIED ACCORDING TO
DIRECT AND GUARANTEED OBLIGATIONS
AS OF DECEMBER 31, 1948 & 1949

Item	1948	1949	+ —	Increase Decrease
National Government Bonds . .	P 82,100,000.00	P136,146,450.80 ¹	+	54,046,450.80
Provincial Government Bonds	16,977,000.00	16,977,000.00	—	—
Municipal Government Bonds	1,260,000.00	1,090,000.00	—	170,000.00
Manila & Other Chartered Cities Bonds	11,670,000.00	11,670,000.00	—	—
Metropolitan Water District Bonds	12,500,000.00	12,500,000.00	—	—
National Power Corporation Bonds	8,500,000.00	8,500,000.00	—	—
Long-Term Loans ²	4,901,427.83	4,429,660.13	—	471,767.70
Backpay Obligation ³	300,000,000.00	300,000,000.00	—	—
Treasury Bills ⁴	—	1,000,000.00	+	1,000,000.00
Budgetary Loan	120,000,000.00	120,000,000.00	—	—
Total Direct Obligations . .	<u>557,908,427.83</u>	<u>612,313,110.93</u>	+	<u>54,404,683.10</u>
Rehabilitation Finance Corpo- ration Bonds ⁵	<u>51,734,200.00</u>	<u>54,656,100.00</u>	+	<u>2,921,900.00</u>
Total Guaranteed Obliga- tions ⁶	<u>51,734,200.00</u>	<u>54,656,100.00</u>	+	<u>2,921,900.00</u>
TOTAL PUBLIC DEBT	<u>P609,642,627.83</u>	<u>P666,969,210.93</u>	+	<u>57,326,583.10</u>

SOURCES: General Auditing Office.
Rehabilitation Finance Corporation.
National Treasury.
Securities Market Department, Central Bank of the Philippines.

¹ Includes Rehabilitation and Development Bonds of 1949 (P54,046,450.80).

² For construction of permanent bridges; no maturity date; no fixed amortization payments; proceeds derived from borrowings from special government funds such as the CTS Fund, Postal Savings Bank Fund and San Lazaro Loan Fund; amortization and interest payments derived from toll bridges collections; now in the process of liquidation with RFC as administrator.

³ Estimated; obligation assumed and sinking fund started July 1948; no proceeds derived from this obligation.

⁴ Held and acquired by Bank of the Philippine Islands from Central Bank at 1-1/2% discount on July 15, 1949, due July 15, 1950.

⁵ No sinking fund provisions; redeemable on demand 60 days after issue.

⁶ Exclusive of Manila Railroad Company Bonds in the amount of P31,972,000.00 of which only the interest on P1,388,000.00 worth of Southern Lines Bonds is guaranteed by the National Government.

TABLE 55. — PUBLIC DEBT CLASSIFIED ACCORDING TO
DOMESTIC AND FOREIGN DEBT
AS OF DECEMBER 31, 1948 & 1949

Item	1948	1949	+ —	Increase Decrease
National Government Bonds .. P	2,500,000.00	P 56,546,450.80 ¹	+	P54,046,450.80
Provincial Government Bonds ..	2,000,000.00	2,000,000.00	—	—
Municipal Government Bonds	170,000.00	—	—	170,000.00
Manila & Other Chartered Cities Bonds	4,170,000.00	4,170,000.00	—	—
Metropolitan Water District Bonds	3,500,000.00	3,500,000.00	—	—
National Power Corporation Bonds	8,500,000.00	8,500,000.00	—	—
Rehabilitation Finance Corpo- ration Bonds ²	51,734,200.00	54,656,100.00	+	2,921,900.00
Long-Term Loans ³	4,901,427.83	4,429,660.13	—	471,767.70
Backpay Obligation ⁴	300,000,000.00	300,000,000.00	—	—
Treasury Bills ⁵	—	1,000,000.00	+	1,000,000.00
Total Domestic Debt ⁶ ...	377,475,627.83	434,802,210.93	+	57,326,583.10
National Government Bonds ..	79,600,000.00	79,600,000.00	—	—
Provincial Government Bonds	14,977,000.00	14,977,000.00	—	—
Municipal Government Bonds	1,090,000.00	1,090,000.00	—	—
Manila & Other Chartered Cities Bonds	7,500,000.00	7,500,000.00	—	—
Metropolitan Water District Bonds	9,000,000.00	9,000,000.00	—	—
Budgetary Loan	120,000,000.00	120,000,000.00	—	—
Total Foreign Debt ⁶	232,167,000.00	132,167,000.00	—	—
TOTAL PUBLIC DEBT ...	P609,642,627.83	P666,969,210.93	+	P57,326,583.10

SOURCES: General Auditing Office.
Rehabilitation Finance Corporation.
National Treasury.
Securities Market Department, Central Bank of the Philippines.

¹ Includes Rehabilitation and Development Bonds of 1949 (P54,046,450.80).

² No sinking fund provisions; redeemable on demand 60 days after issue.

³ For construction of permanent bridges; no maturity date; no fixed amortization payments; proceeds derived from borrowings from special government funds such as the GSIS Fund; Postal Savings Bank Fund and from toll bridge collections; now in the process of liquidation with RFC as administrator.

⁴ Estimated; obligation assumed and sinking fund started July 1948; no proceeds derived from this obligation.

⁵ Held and acquired by Bank of the Philippine Islands from Central Bank at 1-1/2% discount on July 15, 1949, due July 15, 1950.

⁶ Exclusive of Manila Railroad Company Bonds in the amount of P31,972,000.00 of which only the interest on P1,388,000.00 worth of Southern Lines Bonds is guaranteed by the National Government.

TABLE 56
STATEMENT OF THE DOMESTIC BONDED AND NON-BONDED DEBT
CLASSIFIED ACCORDING TO HOLDERS AS OF
DECEMBER 31, 1949

H o l d e r	Amount	Percent to total do- mestic bonded debt	Percent to total do- mestic debt
TOTAL DOMESTIC DEBT	<u>434,802,210.93</u>		<u>100.0</u>
BONDED DOMESTIC DEBT	<u>129,372,550.80</u>	<u>100.0</u>	<u>29.8</u>
Rehabilitation Finance Corporation ..	6,627,800.00	5.1	1.5
Philippine National Bank	12,073,850.00	9.3	2.8
Central Bank of the Philippines	92,197,030.80	71.3	21.2
Inter-Sinking Fund Holdings ¹ and Special Gov't. Trust Funds ²	1,064,500.00	0.8	0.3
Other Government Entities ³	3,977,000.00	3.1	0.9
Banks ⁴	10,658,620.00	8.3	2.5
Insurance Companies	1,711,700.00	1.3	0.4
Private Persons, Associations or Cor- porations ⁵	655,350.00	0.5	0.1
Various Coupon Bondholders ⁶	406,700.00	0.3	0.1
Percent to total domestic non-bonded debt			
NON-BONDED DOMESTIC DEBT .	<u>305,429,660.13</u>	<u>100.0</u>	<u>70.2</u>
Special Government Trust Funds	4,429,660.13 ⁷	1.5	1.0
Banks	1,000,000.00 ⁸	0.3	0.2
Private Persons	300,000,000.00 ⁹	98.2	69.0

SOURCES: Securities Market Department, Central Bank of the Philippines.
Rehabilitation Finance Corporation.

¹ Consist of bonds of different issues held by the Sinking Fund.

² Consist of bonds held by Special Government Trust Funds.

³ Consist of bondholdings of the PAAF, U.P., National Power Corporation, and provincial and city governments.

⁴ Excludes the Philippine National Bank.

⁵ Consist of private individual bondholders; private corporations such as the P. D. Carman, Inc., Heald Lumber Company, Binalbagan Estate, Inc., etc.; and of private associations such as the NRPA, Manila Lodge No. 1, etc.

⁶ Consist of holders of coupon and/or bearer bonds not registered and therefore cannot definitely be classified.

⁷ Consist of loans from the GSIS Fund, the Postal Savings Bank Fund and the San Lazaro Loan Fund which are presently being administered by the RFC.

⁸ Treasury Bills acquired from the Central Bank by the Bank of the Philippine Islands.

⁹ Estimated Backpay obligation to prewar Government employees.

TABLE 57
STATEMENT OF THE PUBLIC DEBT SHOWING SINKING FUND RESERVE AND NET LIABILITY AS OF DECEMBER 31, 1949
AND REQUIRED SINKING FUND RESERVE AND DEFICIENCY IN THE FUND AS OF SAID DATE

I t e m s	Amount Outstanding	Sinking Fund ¹	Net Liability	Required Sinking Fund	Deficiency in Sinking Fund
DOMESTIC DEBT:					
National Government Bonds	P56,546,450.80 ²	172,687.33	56,373,763.47	411,946.23	(239,258.90)
Provincial Government Bonds	2,000,000.00	408,903.58	1,591,096.42	765,025.31	(356,121.73)
Municipal Government Bonds	—	—	—	—	—
Manila & Other Chartered Cities Bonds	4,170,000.00	371,855.80	3,798,144.20	901,644.54	(529,788.74)
MWD Bonds	3,500,000.00	617,946.77	2,882,053.23	1,068,916.74	(450,969.97)
National Power Corporation Bonds	8,500,000.00	760,741.77	7,739,258.23	1,727,261.57	(966,519.80)
RFC Bonds ³	54,656,100.00	—	54,656,100.00	—	—
Long-Term Loans ⁴	4,429,660.13	—	4,429,660.13	—	—
Backpay Obligation ⁵	300,000,000.00	32,400,000.00	267,600,000.00	32,400,000.00	—
Treasury Bills ⁶	1,000,000.00	—	1,000,000.00	—	—
TOTAL DOMESTIC DEBT	434,802,210.93	34,732,135.25	400,070,075.68	37,274,794.39	(2,542,659.14)
FOREIGN DEBT:					
National Government Bonds	79,600,000.00	52,274,065.58	27,325,934.42	67,424,456.95	(15,150,391.37)
Provincial Government Bonds	14,977,000.00	6,511,821.03	8,465,178.97	9,003,820.05	(2,491,999.02)
Municipal Government Bonds	1,090,000.00	499,399.09	590,600.91	740,461.37	(241,062.28)
Manila & Other Chartered Cities Bonds	7,500,000.00	4,777,282.32	2,722,717.68	6,300,906.39	(1,523,624.07)
MWD Bonds	9,000,000.00	4,556,304.04	4,443,695.96	6,016,180.36	(1,459,876.32)
Budgetary Loan ⁷	120,000,000.00	—	120,000,000.00	—	—
TOTAL FOREIGN DEBT	232,167,000.00	68,618,872.06	163,548,127.94	89,485,825.12	(20,866,953.06)
SUPPLEMENTARY SINKING FUND⁸	—	30,730,958.27	(30,730,958.27)	—	30,730,958.27
TOTAL PUBLIC DEBT	666,969,210.93	134,081,965.58	532,887,245.35	126,760,619.51	7,321,346.07⁹

SOURCE OF BASIC DATA: Securities Market Department, Central Bank of the Philippines.

- ¹ Contributions to Sinking Fund for the second half of 1949 were computed on the basis of the assumption that the required amounts corresponding to the period were paid to the Sinking Fund.
- ² Includes Rehabilitation and Development Bonds of 1949 (P54,046,450.80) which do not have sinking fund provisions.
- ³ No sinking fund provisions; redeemable 60 days after issue.
- ⁴ For construction of permanent bridges; no maturity date; no fixed amortization payments; proceeds derived from borrowings from special government funds, such as the GSIS Fund, Postal Savings Bank Fund and the San Lazaro Loan Fund; amortization and interest payments derived from toll bridge collections; now in the process of liquidation with the RFC as administrator.
- ⁵ Estimated; obligation assumed and sinking fund started July, 1948; no proceeds derived from this obligation.
- ⁶ Held and acquired by the Bank of the Philippine Islands from the Central Bank at 1-1/2% discount on July 15, 1949; due July 15, 1950.
- ⁷ No sinking fund provisions.
- ⁸ Consists of the total additional amount set aside by the National Government for the redemption of its bonds but are not allotted to any particular bond issue.
- ⁹ Excess of the Supplementary Sinking Fund over the total deficiency.

TABLE 58. — COMPARATIVE STATEMENT OF FINANCIAL CONDITION

Assets	Dec. 31, 1949	Jan. 3, 1949	+ Increase — Decrease
International Reserves:			
Gold	P 2,721,242.16	P 2,721,242.16	—
Due from U.S. Depositories	447,969,125.11	739,829,873.24	— P291,860,748.13
U.S. Government Securities	9,973,963.90	...	+ 9,973,963.90
Foreign Currency (U.S. Coins)	24,644.32	47,874.32	— 23, 230.00
	<u>P460,688,975.49</u>	<u>P742,598,989.72</u>	— <u>P281,910,014.23</u>
Contribution to International Monetary Fund ..	30,000,000.00	30,000,000.00	...
Domestic Securities	92,197,030.80	...	+ 92,197,030.80
Loans and Advances	77,046,838.83	...	+ 77,046,838.83
Account to Secure the Coinage	113,306,275.85	113,306,275.85	...
Other Assets	19,869,339.65 ¹	19,243,663.25	+ 625,676.40
Total	<u>P793,108,460.62</u>	<u>P905,148,928.82</u>	— <u>P112,040,468.20</u>
Liabilities and Capital			
Currency Issue:			
Notes Issued—CB Notes ..	P 171,000.00	...	+ P 171,000.00
Notes Issued—Treasury Certificates	555,404,396.00	818,510,342.00	— 263,105,946.00
Coins Issued	74,384,273.13	73,174,298.46	+ 1,209,974.67
	<u>P629,959,669.13</u>	<u>P891,684,640.46</u>	— <u>P261,724,971.33</u>
Demand Deposits	117,682,180.47	...	+ 117,682,180.47
International Monetary Fund	22,497,920.62	...	+ 22,497,920.62
International Bank for Reconstruction and Development	2,389,196.53	...	+ 2,389,196.53
Securities Stabilization Fund	2,000,000.00	2,000,000.00	...
Other Liabilities	2,115,310.53 ¹	1,464,288.36	+ 651,022.17
Capital	10,000,000.00	10,000,000.00	...
Undivided Profits	6,464,183.34	...	+ 6,464,183.34
Total	<u>P793,108,460.62</u>	<u>P905,148,928.82</u>	— <u>P112,040,468.20</u>
Contingent Accounts			
Forward Exchange Sold ..	P 6,460,000.00	P ...	+ P 6,460,000.00
Bonds Held by Banks as Part of the Reserves ...	19,809,400.00	...	+ 19,809,400.00
Bonds Held to Secure Trust Funds	763,750.00	...	+ 763,750.00
Bills on Hand for Collection	1,838.50	...	+ 1,838.50
Trust Account—Fiscal Agency	33,302,377.68	...	+ 33,302,377.68
Total	<u>P 60,337,366.18</u>	<u>P ...</u>	+ <u>P 60,337,366.18</u>

¹ As adjusted in the audit.

TABLE 58-A. — INTERNATIONAL RESERVE—DUE FROM
U. S. DEPOSITORIES

<i>Time Deposits:</i>	<u>Dec. 31, 1949</u>	<u>Jan. 3, 1949</u>	<u>+ Increase</u> <u>— Decrease</u>
U.S. Treasury at 2% ...	P110,000,000.00	P110,000,000.00	P —
U.S. Treasury at 1% ...	160,000,000.00	400,000,000.00	— 240,000,000.00
Bank of America N.T. & S.A., San Francisco, California, at 1.1/8%..	50,000,000.00	—	+ 50,000,000.00
The Chase National Bank of the City of New York, N.Y. at 1% ...	50,000,000.00	—	+ 50,000,000.00
The National City Bank of New York, New York	50,000,000.00	—	+ 50,000,000.00
	<u>P420,000,000.00</u>	<u>P510,000,000.00</u>	<u>— P 90,000,000.00</u>
<i>Demand Deposits:</i>			
U.S. Treasury (Exchange Standard Fund)	—	P 4,079,167.06	— P 4,079,167.06
Bank of American N.T. & S.A., San Francisco, California	3,160,938.48	—	+ 3,160,938.48
Federal Reserve Bank of New York, New York, New York	11,039,258.83	—	+ 11,039,258.83
The Chase National Bank of the City of New York, New York	5,524,592.50	1,037,749.76	+ 4,486,842.74
The National City Bank of New York, New York, New York	5,704,897.63	—	+ 5,704,897.63
U.S. Treasury (Treasury Certificate Fund) ...	—	224,712,956.42	— 224,712,956.42
	<u>P 25,429,687.44</u>	<u>P229,829,873.24</u>	<u>— P204,400,185.80</u>
<i>Accrued Interest on Time</i>			
<i>Deposit:</i>	<u>P 2,539,437.67</u>	<u>—</u>	<u>+ P 2,539,437.67</u>
Total	<u>P447,969,125.11</u>	<u>P739,829,873.24</u>	<u>— P291,860,748.13</u>

**TABLE 58-B.—STATEMENT OF DOMESTIC SECURITIES
REHABILITATION AND DEVELOPMENT BONDS
4% LOAN OF 1949 (1959)
December 31, 1949**

	Per. Resolution No.	Interim Bond No.	Date of Issue	Due and Payable	Authorized	Amount released Total	Sold	Unsold	Balance
I. National Development Company:									
1. Ocean-going Vessels:	110 & 308								
1st Installment		1	March 11, 1949	March 11, 1959		P 469,200.00	P 469,200.00	...	
2nd Installment		3	April 8, 1949	April 8, 1959		1,181,420.00	1,181,420.00	...	
3rd Installment		10	June 18, 1949	June 18, 1959		703,800.00	703,800.00	...	
4th Installment		17	Aug. 9, 1949	Aug. 9, 1959		1,173,000.00	...	P 1,173,000.00	
5th Installment		24	Sept. 2, 1949	Sept. 2, 1959		1,164,580.00	...	1,164,580.00	
Total					P 14,176,000.00	P 4,692,000.00	P 2,354,420.00	P 2,337,580.00	P 9,484,000.00
2. Rice and Corn Project:	166								
1st Installment		4	May 3, 1949	May 3, 1959		P 1,355,000.00	P 1,355,000.00	...	
2nd Installment		8	June 1, 1949	June 1, 1959		250,000.00	250,000.00	...	
3rd Installment		16	Aug. 5, 1949	Aug. 5, 1959		225,000.00	225,000.00	...	
4th Installment		21	Aug. 16, 1949	Aug. 16, 1959		1,630,000.00	...	P 1,630,000.00	
5th Installment		27	Sept. 22, 1949	Sept. 22, 1959		540,000.00	...	540,000.00	
6th Installment		32	Oct. 17, 1949	Oct. 17, 1959		2,405,000.00	...	2,405,000.00	
7th Installment - November 15, 1949		a		Nov. 15, 1959		1,520,000.00	...	1,520,000.00	
8th Installment - December 15, 1949		a		Dec. 15, 1959		865,000.00	...	865,000.00	
Total					P 14,190,000.00 b	P 8,790,000.00	P 1,830,000.00	P 6,960,000.00	P 5,400,000.00
3. Reimbursement for Advances made by National Development Company:	175	19	Aug. 13, 1949	Aug. 13, 1959		P 2,500,000.00	...	P 2,500,000.00	
Total					P 2,500,000.00	P 2,500,000.00	...	P 2,500,000.00	
4. National Shipyard and Graving Dock:	174								
1st Installment		18	Aug. 13, 1949	Aug. 13, 1959		P 515,230.00	...	P 515,230.00	
Total					P 16,000,000.00	P 515,230.00	...	P 515,230.00	P 15,484,770.00
5. Steel Mills Project:	187								
1st Installment		25	Sept. 6, 1949	Sept. 6, 1959		P 40,000.00	...	P 40,000.00	
Total					P 4,500,000.00	P 40,000.00	...	P 40,000.00	P 4,460,000.00
6. Subscription to Shares of Stock:									
(a) Philippine Electric Manufactur- ing Company	176	20	Aug. 13, 1949	Aug. 13, 1959		P 375,000.00	P 375,000.00	...	
(b) Philippine Air Lines	215	26	Sept. 9, 1949	Sept. 9, 1959		1,500,000.00	...	P 1,500,000.00	
Total					P 1,875,000.00	P 1,875,000.00	P 375,000.00	P 1,500,000.00	
7. Textile Project:	23								
1st Installment		5	May 1, 1949	May 1, 1959		P 500,000.00	P 500,000.00	...	
2nd Installment - November 1, 1949		a		Nov. 1, 1959		200,000.00	...	P 200,000.00	
3rd Installment - December 1, 1949		a		Dec. 1, 1959		200,000.00	...	200,000.00	
Total					P 2,538,750.00	P 900,000.00	P 500,000.00	P 400,000.00	P 1,638,750.00
8. Paper and Bag Project:	236								
1st Installment		30	Oct. 6, 1949	Oct. 6, 1959		P 891,050.00	P 891,050.00	...	P 891,050.00
Total						P 891,050.00	...	P 891,050.00	
II. National Power Corporation:									
1. Lumot Diversion Project:	2 c								
1st Installment		2	April 5, 1949	April 5, 1959		P 80,000.00	...	P 80,000.00	
2nd Installment		6	May 3, 1949	May 3, 1959		100,000.00	P 100,000.00	...	
3rd Installment		7	June 1, 1949	June 1, 1959		100,000.00	100,000.00	...	
4th Installment		11	July 1, 1949	July 1, 1959		120,000.00	120,000.00	...	
5th Installment		13	Aug. 1, 1949	Aug. 1, 1959		120,000.00	120,000.00	...	
6th Installment		22	Sept. 1, 1949	Sept. 1, 1959		120,000.00	...	120,000.00	
7th Installment		29	Oct. 3, 1949	Oct. 3, 1959		120,000.00	...	120,000.00	
8th Installment		36	Nov. 2, 1949	Nov. 2, 1959		120,000.00	...	120,000.00	
9th Installment - December 1, 1949		a		Dec. 1, 1959		120,000.00	...	120,000.00	
Total					P 5,000,000.00 b	P 1,000,000.00	P 440,000.00	P 560,000.00	P 4,000,000.00
III. National Abaca & Other Fibers Cor- poration Davao Project:									
1st Installment		12	July 8, 1949	July 8, 1959		P 495,000.00	...	P 495,000.00	
2nd Installment		14	Aug. 1, 1949	Aug. 1, 1959		350,000.00	P 350,000.00	...	
3rd Installment		23	Sept. 1, 1949	Sept. 1, 1959		275,000.00	...	275,000.00	
4th Installment		28	Oct. 3, 1949	Oct. 3, 1959		280,000.00	...	280,000.00	
5th Installment		34	Nov. 1, 1949	Nov. 1, 1959		215,000.00	...	215,000.00	
6th Installment - December 1, 1949		a		Dec. 1, 1959		228,170.80	...	228,170.80	
Total					P 2,634,953.82	P 1,843,170.80	P 350,000.00	P 1,493,170.80	P 791,783.02
IV. Bureau of Public Works:									
1. Irrigation Project:	70 & 27								
1st Installment		9	June 10, 1949	June 10, 1959		P 5,000,000.00	...	P 5,000,000.00	
2nd Installment		35	Nov. 2, 1949	Nov. 2, 1959		6,000,000.00	...	P 6,000,000.00	
Total					P 11,000,000.00	P 11,000,000.00	...	P 11,000,000.00	
V. Rehabilitation Finance Corporation:									
1st Installment	56 & 165	15	Aug. 5, 1949	Aug. 5, 1959		P 5,000,000.00	...	P 5,000,000.00	
2nd Installment		31	Oct. 13, 1949	Oct. 13, 1959		5,000,000.00	...	5,000,000.00	
3rd Installment		33	Oct. 27, 1949	Oct. 27, 1959		5,000,000.00	...	5,000,000.00	
4th Installment		33	Oct. 27, 1949	Oct. 27, 1959		5,000,000.00	...	5,000,000.00	
Total					P 30,000,000.00	P 20,000,000.00	...	P 20,000,000.00	P 10,000,000.00
GRAND TOTALS—Domestic Securities						P 105,305,753.82	P 54,046,450.80	P 5,849,420.00	P 48,197,030.80
Add: Interim RFC Bonds Purchased December 9, 1949								P 44,000,000.00	P 51,259,303.02
NOTE:								P 92,197,030.80	
Total Domestic Securities and Bonds									

Note: a Interim Bonds not yet received on December 31, 1949.

b As per schedule of release approved by the President of the Philippines.

P 1,000,000.00 of this amount was transferred to the Department of Agriculture and Natural Resources, as per Resolution No. 6 dated January 5, 1950.

c Resolution dated March 21, 1949

TABLE 58 C. — OTHER ASSETS
December 31, 1949

Government Note — Treasury Certificate Account		
Accrued Interest Receivable:		P 18,740,430.07
Bonds	P 219,105.68	
Domestic Securities	157,223.69	
Loans	137,013.71	513,343.08
Building Account		353,040.69 ¹
Furniture and Equipment		2,763.00
Bank Equipment (E.S.F.)		14,292.86
Motor Vehicle Account		4.00
Restaurant Account		630.00
		644.50
Mint Materials		145,168.25
Accounts Receivable		10,658.32
Cash Advances		51,314.75
Suspense (E.S.F.)		37,050.13 ¹
T o t a l		<u>P 19,869,339.65</u>

¹ As adjusted (per audit)

TABLE 58 D. — CURRENCY ISSUE
December 31, 1949

COINS:		
Silver pesos	P 8,555,495.00	
Half Silves pesos	19,634,425.50	
Subsidiary coins	39,299,677.30	
Minor coins	6,894,675.33	P 74,384,273.13
NOTES		<u>555,575,396.00</u>
Total Notes and Coins		<u>P 629,959,669.13</u>

TABLE 58 E. — OTHER LIABILITIES
December 31, 1949

Accounts Payable	P 681,395.27 ¹
Expense Checks Outstanding	146,222.23
Warrants Payable (E.S.F.)	1,930.38
Trust Deposits	150,000.00
Undistributed Deposits (E.S.F.)	261,558.30 ¹
Suspense Account	874,204.35
T o t a l	<u>P 2,115,310.53</u>

¹ As adjusted (per audit)

TABLE 59. — PROFIT AND LOSS STATEMENT
From January 3 to December 31, 1949

EARNINGS		Ratio to Total
Interest on Time Deposits	P6,230,343.41	.75
Interest on Domestic Securities	660,509.47	.07
Interest on Loans and Advances	545,677.93	.06
Foreign Income (Treasury Bills)	165,796.62	.02
Profit from Foreign Exchange	804,725.94	.10
Other Income	2,577.38	—
T o t a l	<u>P8,409,630.75</u>	<u>1.00</u>
 EXPENSES		
Salaries and Wages	P 913,759.64	.47
Fees of Members of the Monetary Board....	17,950.00	.01
Stationery and Supplies	63,039.84	.03
Transportation	34,538.78	.02
Rent on Wilson Building Vault	16,530.58	.01
Freight and Insurance on Shipments of Currency	47,321.51	.02
Insurance, G.S.I.S.	14,520.41	.01
Exchange Premium Paid to Treasurer of the Philippines	117,909.04	.06
Equipment, Furniture & Fixtures, Books, and Motor Vehicles (Value written off)	435,318.70	.22
Miscellaneous	284,558.91	.15
T o t a l	<u>P1,945,447.41</u>	<u>1.00</u>
 NET PROFIT	 <u>P6,464,183.34</u>	

TABLE 60. — HOLDINGS OF NOTES AND COINS
December 31, 1949

LOCATION AND ACCOUNTABLE OFFICER	A M O U N T	
<u>CENTRAL BANK VAULTS:</u>		
<i>Mr. Delfin E. Silverio, First Assistant Cashier</i>		
Treasury Certificates	P144,880,000.00	
Treasury Certificates, Over- printed "Central Bank"	6,010,000.00	
Treasury Certificates, Muti- lated and Perforated	55,100.00	
Central Bank Notes	29,000.00	
Coins	10,271,900.00	
MacArthur Commemorative Coins	151,614.00	P161,397,614.00 ¹
<i>Mr. A. P. Mangahas, Chief Teller</i>		
Treasury Certificates	P 19,080,470.00	
Treasury Certificates, Over- printed "Central Bank"	968,700.00	P 20,049,170.00
<i>Mr. Louis C. Fernandez, Act- ing Assistant to Cashier</i>		
Coins	P 25,470,913.00	P 25,470,913.00 ²
<i>Mr. Julio M. Leuterio, Assis- tant Chief, Operating Cash Division</i>		
Coins	P 2,359,075.92	P 2,359,075.92
<i>Mr. D. Carolipio, Teller No. 2</i>		
Central Bank Notes.	P 28,786.00	
Coins . . . . .	.80	P 28,786.80
<i>Mr. V. Perez, Teller No. 3</i>		
Treasury Certificates, Over- printed "Central Bank"	P 2,787.00	
Coins . . . . .	.79	P 2,787.79
<i>Mr. D. Silverio, Teller No. 4</i>		
MacArthur Coins		P 209.50
<i>Mr. A. Ingal, Teller No. 6</i>		
Treasury Certificates	P 11,105.00	
Treasury Certificates, Over- printed "Central Bank"	1,859.00	
Coins	288.59	P 13,252.59
Total in Central Bank Vaults		P 209,321,809.60

¹ U. S. Currency — \$12,322.16, excluded

² Verification still in progress, February 28, 1950.

TABLE 60.—HOLDINGS OF NOTES AND COINS

December 31, 1949

(Cont'd)

<u>LOCATION AND ACCOUNTABLE OFFICER</u>	<u>AMOUNT</u>
<u>WITH AGENTS:</u>	
<u>Philippine National Bank</u>	
<u>Branches:</u>	
Bacolod	P1,000,000.00
Baguio	160,000.00
Cebu	5,300,022.00
Dagupan	183,650.00
Davao	500,000.00
Iloilo	8,607,700.00
Legaspi	500,000.00
Lucena	100,000.00
San Fernando	100,000.00
Tarlac	300,000.00
<u>Agencies:</u>	
Camarines Sur	330,000.00
Cotabato	850,000.00
Ilocos Norte	100,000.00
Isabela	50,000.00
Leyte	500,000.00
Misamis Oriental	400,000.00
Vigan	200,000.00
Total with Agents	P19,181,372.00
<u>WITH LOCAL BANKS:</u>	
Philippine National Bank, Head Office	2,700,000.00
EXCHANGE STANDARD FUND	59,681.12 ¹
U. S. MINT, SAN FRANCISCO, CALIFORNIA	630,000.00
TREASURY CERTIFICATES UNISSUED, CURRENCY STOCK COMMITTEE	254,940,000.00
Grand Total	P486,832,862.72

¹ Held by Treasurer of the Philippines pending final liquidation of Exchange Standard Fund.

TABLE 60. — HOLDINGS OF NOTES AND COINS
December 31, 1949

LOCATION AND ACCOUNTABLE OFFICER	A M O U N T	
<u>CENTRAL BANK VAULTS:</u>		
<i>Mr. Delfin E. Silverio, First Assistant Cashier</i>		
Treasury Certificates	P 144,880,000.00	
Treasury Certificates, Over-printed "Central Bank" . .	6,010,000.00	
Treasury Certificates, Mutilated and Perforated	55,100.00	
Central Bank Notes	29,000.00	
Coins	10,271,900.00	
MacArthur Commemorative Coins	151,614.00	P 161,397,614.00 ¹
<i>Mr. A. P. Mangahas, Chief Teller</i>		
Treasury Certificates	P 19,080,470.00	
Treasury Certificates, Over-printed "Central Bank" . .	968,700.00	P 20,049,170.00
<i>Mr. Louis C. Fernandez, Acting Assistant to Cashier</i>		
Coins	P 25,470,913.00	P 25,470,913.00 ²
<i>Mr. Julio M. Leuterio, Assistant Chief, Operating Cash Division</i>		
Coins	P 2,359,075.92	P 2,359,075.92
<i>Mr. D. Carolipio, Teller No. 2</i>		
Central Bank Notes.	P 28,786.00	
Coins . . . . .	.80	P 28,786.80
<i>Mr. V. Perez, Teller No. 3</i>		
Treasury Certificates, Over-printed "Central Bank" . .	P 2,787.00	
Coins . . . . .	.79	P 2,787.79
<i>Mr. D. Silverio, Teller No. 4</i>		
MacArthur Coins		P 209.50
<i>Mr. A. Ingal, Teller No. 6</i>		
Treasury Certificates	P 11,105.00	
Treasury Certificates, Over-printed "Central Bank" . .	1,859.00	
Coins	288.59	P 13,252.59
Total in Central Bank Vaults		P 209,321,809.60

¹ U. S. Currency — \$12,322.16, excluded

² Verification still in progress, February 28, 1950.

TABLE 6a.—HOLDINGS OF NOTES AND COINS

December 31, 1949

(Cont'd)

LOCATION AND ACCOUNTABLE OFFICER	AMOUNT
<u>WITH AGENTS:</u>	
<u>Philippine National Bank</u>	
Branches:	
Bacolod	P1,000,000.00
Baguio	160,000.00
Cebu	5,300,022.00
Dagupan	183,650.00
Davao	500,000.00
Iloilo	8,607,700.00
Legaspi	500,000.00
Lucena	100,000.00
San Fernando	100,000.00
Tarlac	300,000.00
Agencies:	
Camarines Sur	330,000.00
Cotabato	850,000.00
Ilocos Norte	100,000.00
Isabela	50,000.00
Leyte	500,000.00
Misamis Oriental	400,000.00
Vigan	200,000.00
Total with Agents	P19,181,372.00
<u>WITH LOCAL BANKS:</u>	
Philippine National Bank, Head Office	2,700,000.00
EXCHANGE STANDARD FUND	59,681.12 ¹
U. S. MINT, SAN FRANCISCO, CALIFORNIA	630,000.00
TREASURY CERTIFICATES UNISSUED, CURRENCY STOCK COMMITTEE	
	254,940,000.00
Grand Total	P486,832,862.72

¹ Held by Treasurer of the Philippines pending final liquidation of Exchange Standard Fund.