

## **Interlocking Directorates Commercial Banks, Other Financial Institutions and Non-financial Corporations**

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The paper documents the interlocking directorates of banks with other financial and nonfinancial firms which belong to the top 1,000 corporations in the Philippines. Within the interlocked group of firms are the large conglomerates of leading families. Additionally there is interlocking within the major banks. The paper argues that interlocking is an innovation for obtaining rent or privileges that were created by policies. Interlocking facilitates the lobbying process. This possibly explains the difficulty of implementing structural reforms in the country.

### **1. Introduction**

In 1983, Doherty traced the interlocking directorates of commercial banks with industrial enterprises and other financial institutions. The study was stimulated by the growing control of major sectors of the economy by the Marcos family and its cronies. The interlocking of directorates between banks and industries was a means by which key economic sectors could be put under the control of a manageable group of trusted people. But even before Marcos, there probably was already a sizeable number of interlocked firms. Some banks were identified to be owned by leading industrialists. Even the Philippine National Bank (PNB) was alleged to have been under the control of the sugar barons. The interlocking structure has persisted to the present, though the key directors have changed as a result of the sequestration of the Marcos-related companies and the rise of a new group of politically powerful businessmen. A number of banks are known to be interlocked with other financial institutions and key industries. But the full extent of the interlocking directorates in the post-Marcos years has not yet been assessed. This the paper will do. It will trace the interlocking of directors in the largest 1,000 corporations in 1988, the year during which the latest statistics on big business in the country are available.

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The interlocking of directorates is of interest for its possible implications on resource allocation under the present regime of financial and foreign exchange repression, the discriminatory granting of investment incentives, and close government-business relationship. The exchange rate has been overvalued leading to persistent current account deficits and foreign exchange rationing. Barriers to bank entry and branching have encouraged monopolistic behavior allowing for very high interest rate spreads and high credit cost. Big business influence on the affairs of government is palpable as a number of the highest positions (secretaries and assistant secretaries) in the executive branch of the government have been held by individuals with known business affiliations. Both the Central Bank and the Board of Investments (BOI) were, until recently, headed by persons identified with large banking and industrial corporations. The presence of vested interests in the government may have influenced the policy decisions and the manner of their implementation. Not a few key policies have been favorable to big businesses and banks, with the authorities given discriminatory power of dispensing privileges such as licenses to open a new bank or branches, tax and tariff exemptions upon registration with the BOI, special accommodations by the Central Bank granted to failing banks, privilege to import during periods of foreign exchange rationing, qualification for underwriting government securities, and so on. Interlocking with politically powerful enterprises could be a means of accessing any of these privileges. Interlocking in highly concentrated businesses intensifies their monopoly power for it facilitates collusion. In turn, the extensive interlocking directorates have created an institution for business lobbying. Consequently, the interlocked structure tends to take on a life of its own. Over time the interlocked firms are able to increase their control over the nation's resources and wield greater political influence to protect their interests. The failure of government to implement needed structural reforms in the tax system in the financial market and in industrial policy, among other areas, may be attributed to the resistance of influential big business interest against the change.

Within an interlocked group of firms are family-controlled corporations that form into large conglomerates. The better-known of the big conglomerates here are the Zobel de Ayala and Soriano enterprises. New ones have appeared and seem to have flourished during the Aquino administration like the Gokongwei, Aboitiz and Concepcion conglomerates. These conglomerates are engaged in fairly diversified industries cutting across financial, real estate, industrial, agriculture and food, and other sectors. Interlocking

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beyond a conglomerated group of enterprises is observed. It provides links with other powerful groups, facilitating cooperation between them for price setting, market sharing, lobbying and other mutually beneficial decisions. Interlocking therefore helps strengthen and sustain the interlocked group's monopoly power. The controlling interest in a conglomerated firm need not hold a director's position. This may be assigned to a professional manager or some other trusted persons.

Interlocking directorates are found in both conglomerated and non-conglomerated groups of firms. Control over a conglomerated group of firms is generally exercised through directorship in the member firms. Much of interlocking directorates are found in conglomerated firms but they do extend to firms where the directors have minor or even zero equity holdings. There has been very meager research on interlocking directorates per se and Scherer (1980) observed that indeed little is as yet understood about the motivations for interlocking and its implications. The literature has focused instead on the conglomerate structure of the vertical and horizontal types observed in many industrial countries —the U.S., France, Germany, Sweden and Japan. In the more recent book of Martin (1988), interlocking directorates were not even covered though it is a prevalent phenomenon in these economies (Dooley, 1969; Scherer, 1988; U.S. Congress House Committee on the Judiciary; Antitrust Subcommittee Staff Report, 89th Congress, 1965). Scherer argued that interlocking "contributes to the maintenance of an industrial and commercial elite, to which one might object on political and social grounds" though they may not actually contribute to business concentration. In the Philippines, interlocking directorates of the leading financial, industrial and politically influential personages in the largest firms do intensify the economic and political power of the elite.

### **2. Conglomeration in the US and Japan**

The rise of large conglomerates in advanced economies such as the United States and Japan is explained by different factors. In the US, the big conglomerates were originally successful single unit businesses which were able to assume a large share of the market and therefore acquire some monopoly power. They earned relatively large profits that were then reinvested in related businesses. The conglomerates were first monopolists or oligopolists which had control over relatively large financial resources. Their market power

is traceable to some cost advantages arising from marketing innovations, economies of scale, technological breakthroughs protected by patents, control of a strategic resource like oil and aluminum, and from simply being first and having the marketing and other cost advantages of being first. A firm's market power may be enhanced by conglomerating vertically and/or horizontally with one or a few other large firms. The literature discusses some advantages that might have motivated the conglomeration of firms. These may be grouped into three: saving in transactions costs, risk reduction by diversification, and financial economies. Vertical integration would tend to improve the flow of information, the mechanics for decision-making and the organization of operation between two interrelated firms. Transactions economies are likely to be present in conglomerating firms engaged in finance and production, production and marketing or intermediate input supplier and user. For example, some large consumer goods producers found it more efficient to organize their own trading arms rather than rely on numerous small retailers located all over a wide area. Some firms conglomerated with suppliers of intermediate inputs and the railroad to carry their products. The cost of financing is found to be negatively related to firm size and conglomeration is an indirect way of increasing size. Saving in transactions cost would be an important reason for vertical conglomeration/integration while risk avoidance would motivate horizontal conglomeration. Financial economies can be realized for both types of conglomeration. It is noted, however, that the conglomerate structure is formed among large firms and when any of the competitive conditions is violated.

In the U.S., government subsidy did not play a significant part in fostering industrial concentration and conglomeration. It was essentially the outcome of individual entrepreneurship.<sup>1</sup> In contrast, the Japanese zaibatsus developed during the first five decades of

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<sup>1</sup>In the US, many of the existing conglomerates originated from a single large monopolistic firm which had at least one of the cost advantages mentioned above. Integration of geographically separated marketing outlets to service a large manufacturing company like McCormick, Montgomery Ward and Sears Roebuck was a common basis for the horizontal expansion of many geographically dispersed merchandising transport companies. Scherer (1978, p. 135) observed "that nearly all the manufacturers that pioneered in creating large integrated enterprises had been forced to do so because the existing mass marketers were unable to handle their products" and that the normal route to size was that of horizontal combination. Diversification across unrelated industries occurred much later and not very extensively in the US.

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Japan's modernization period (Meiji) so that by 1900, the first five zaibatsus led by Mitsui and Mitsubishi were already well in place. It is well recognized that they were virtually a creation of policy. The government saw them as agents of Japan's modernization efforts, managing the government's textile, shipping, mining and modern steel industries. They were assisted to break the foreigners' control over the country's external trade. Each of them received substantial subsidies which came in many forms but the major ones were low-cost credit, acquisition of government corporations at nominal prices and exclusive contracts and licenses.<sup>2</sup>

The persistence of large conglomerates depends on policy. The contrasting experience between the U.S. and Japan is illustrated. In the U.S., the market was fairly competitive and there was a negative attitude to bigness resulting in legal restrictions on monopolies and conglomerations (the Sherman Antitrust Law and the Clayton Act of 1914 prohibiting activities that would encourage or maintain monopoly power including interlocking directorates.) The market power of its conglomerates tended to be short-lived as

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<sup>2</sup>The Mitsui bank was made the exclusive agent for underwriting government bonds and new currency in exchange for the government zero-interest loans. The bank was also made the sole depository of government funds. The Mitsui Trading Company (Mitsui Bussan), which was established in 1876 was the sole agent for the government-owned Miike Coal Mine which was later sold to it. It bought government-owned silk filature and cotton spinning. By 1913, 25 percent of Japan's foreign trade was serviced by Mitsui Bussan and by 1928, it had developed into a 130-company conglomerate. Mitsubishi had a similar beginning. It was the next largest conglomerate; was sold the government's Takashima, Sado Gold and Ikuno Silver Mines and the Nagasaki Shipyard, and was lent 40 ships by the government for practically nothing. The company bought 14 large steamers with a low-interest government loan. It was given the military transport contract during the busy period of the Japan-China and the Japan-Russo wars. These ships and the shipyard provided the impetus for Mitsubishi's ocean transport and trading power. As early as 1877, the company provided 73 percent of total tonnage of modern steamers. Its only major competitor, Kyodo Unyu Co. was merged with Mitsubishi at the government's initiative. In 1928, the company had become a conglomerate with 119 member companies in highly diversified industries. Each conglomerate had a bank and was composed mostly of large or oligopolistic and monopolistic firms. The profits from their enterprises and the financial resources of their bank provided the conglomerates control over huge resources and the facility for new investment and for the establishment or acquisition of new companies. The growth of the conglomerates was very rapid up to the Second World War. (Data are from Nakagawa (1981) and Iwata (1981)).

seen in the fairly fast turnover of dominant companies.<sup>3</sup> Banks in the US are competitive, providing new entrepreneurs with a more equitable access to loanable funds. The banks, in turn have less incentive to conglomerate with firms who hold little or zero monopoly power. The relative openness of the industry and the capital market to international competition diminished the cost and other advantages of the large conglomerates thus allowing the entry of new firms.

There is reason to be concerned about conglomeration in the Philippines. There is a small number of relatively large conglomerates which have characteristics similar to the Meiji zaibatsus. They are family-based; they include a bank among their component firms; very few of their companies are publicly traded in the stock exchange; they have received and continue to receive favors from the government; and some of their directors/officers are politically influential by reason of friendship, blood or marriage.

This study is mainly exploratory. It extends and updates the work of Father Doherty (1983) which traced the conglomeration of the 12 largest commercial banks with financial and non-financial enterprises in 1978. We will see whether the degree of conglomeration has increased or diminished. The study has two main sections. The first traces the interlocking directorates between commercial banks and the top 1,000 corporations based on 1988 data. The second will estimate the degree of concentration of the conglomeration in key industries. A framework is developed for analyzing the allocative implications of interlocking directorates under the present policy regime. On the whole, it is shown that the regimes of the post-independence administrations have been favorable to the enhancement and preservation of conglomeration and conglomerate power. Section 3 gives the data on interlocking directorates among all private commercial banks.

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<sup>3</sup>Of the 10 largest corporations in 1900, only one remained in 1977. New successful entrepreneurs in new fields like the IBM and ITT came into the picture. Also the control of at least three major families, respectively in rubber and car manufacture (Du Pont), petroleum refining (Rockefeller) and aluminum, petroleum, coal and bank (Mellon) has diminished gradually since 1930 as family shares got divided into multiplying heirs and as new competitors came into the field (Scherer, 1973). Ownership of large American corporations is generally diluted and their stocks are openly traded. In Japan the sale of corporate shares is oftentimes restricted to affiliated corporations and employees.

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### 3. Policy Regimes and Interlocking Directorates

The fulcrum of interlocking directorates used here is a commercial bank, KB. The commercial banking industry is highly concentrated, with the six largest banks comprising 54 percent of the total private domestic commercial banking assets. Evidently, KBs exercise monopoly power in the pricing of their services. Tan (1989) attributed the prevailing wide intermediation margin and large differential between saving and time deposits to the cartel-like behavior of banks. The World Bank's "Financial Sector Study" (1989) showed the banks to have a relatively high profit rate and administrative cost. In her bi-weekly column in the *Philippine Star* (December 1990), Monsod considered the rising and relatively high service charges on foreign exchange transactions particularly the issue of letters of credit, to be the result of monopoly behavior. Our econometric study of KB does not, however, support monopoly interest-setting behavior. The result could be due to errors in the reporting of cost. Profits could have been reported as part of administrative and other costs.

The banking and central banking leaders who were interviewed by Hutchcroft (1990) agree to the hypothesis that, indeed, the country's commercial banks act as a cartel. The banks appear to collude on interest rate level and structure and to lobby for favorable policies via the Bankers Association of the Philippines (BAP) and possibly through informal talks among the leading bankers when they play golf, drink cocktails at weddings, and attend interlocked board meetings. Interest rate changes are announced by the BAP and the member banks uniformly set their rates at the BAP-announced levels. The recent (January, 1991) agreement between the presidents of the leading banks with the President and the Central Bank to lower loan rates and government security rates could only be the result of some collusion among the bankers. They could not have been able to unilaterally and simultaneously lower loan rates and securities rates by as much as 4 percentage points if there was no collusion.

Banks are protected from competition by implicit barriers to entry. They are, in addition, favored by the present policy of maintaining an overvalued exchange rate and giving selected banks virtual monopoly over the marketing of government securities. Considering that the level of intermediation activity (loans and deposits) is lower in a monopolized banking structure than in a

competitive one and that excess demand for foreign exchange results from maintaining an overvalued currency, the banks acquire rationing powers. Now banks need not merely favor large monopolistic clients in loan and foreign exchange allocation but go one step further, that is, agglomerate with them. This way the banks are able to share in the profits of the monopolistic clients. Non-bank enterprises on the other hand would benefit from agglomeration with banks which could assure them of a stable supply of credit and foreign exchange. However, the gains of a monopolistic firm from conglomerating with a bank must be weighed against the loss from sharing its profits with the bank. The impetus for conglomeration may come from either party. The gains to the bank from conglomeration increases with the monopoly power of prospective members. The more concentrated the industry to which the conglomerated firm belongs, the larger the profits with which to share with the bank. Everything else being equal, the larger the firm, the larger its flow of deposits and the larger the loans demand the bank captures by conglomeration. Both parties gain in interlocking directorates — the bank gains the patronage of a large client in exchange for preferential treatment in the rationing of credit and foreign exchange.

Monopoly power is defined here as any cost advantage that is not available to everybody. This might be in the form of special privileges to import, tax exemptions or export quota and other types of incentives that our Board of Investments for instance provides selected firms. It might also be in form of an entry barrier such as that created for the car and truck industry or exclusive licenses given to shipping and port services. Much of the banking-industrial conglomeration in the country might be explained by the monopoly privileges that have resulted from the complex banking, trade and industrial policy regime. Initially, a bank or a firm is able to obtain a special license to operate, to import or to export. Abnormal profits are earned and these give the firm resources for expansion within related product or service lines or across totally new ones. The process continues. In a few cases, we may have an honest-to-goodness entrepreneur who makes an initial success in his/her own endeavour who now finds it worthwhile conglomerating with a monopolistic bank and other firms. It appears, however that most Philippine conglomerates have their origin in special privileges or inherited resources such as big landholdings or exclusive import privileges.



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Several hypotheses derive from the arguments.

1. Conglomeration occurs among large firms with monopolistic power.
2. Policy regimes determine the size, prevalence and stability of conglomerate structures.
3. The purely technological cost advantages from horizontal conglomeration are important but not sufficient to explain the size and stability of conglomerates.

Some evidence in support of Hypotheses 1 and 2, in particular the degree of monopoly power as reflected in the concentration ratio of the conglomerated and interlocked industries, are provided here. We also try to show the trend in the interlocking directorates especially with the change in government in 1986.

### 4. The Conglomerate Structure

People talk of the 40 or so Filipino families that control most of the country's businesses. The study makes a first stab at empirically identifying the controlling interest in the interlocked large businesses here. Like in Japan, each conglomerate generally includes a commercial bank, is highly diversified and generally has political links. We have fairly complete information on the interlocking directorates among the largest 1,000 corporations and we can identify the controlling families in the more important interlocked groups of firms. This information is summarized in Table 1 which gives the number of companies with interlocking directors with each bank. The detailed list of interlocked firms classified by industry is in Table 2. Data on conglomerated firms are collected for only three families — Zobel de Ayala, Gokongwei, and Aboitiz. In not a few cases a bank may be indirectly related to another corporation through their common directorship in a third corporation. This relationship is not reflected in Tables 1 and 2 though it is noted for some of the more prominent personalities in the business. The data come from the top 1000 corporations in 1988. This means that interlocking with smaller firms is not included in the listing on Table 2. In summary, we try to identify three types of business relationships that come in varying degrees of closeness or control — the closest is the conglomeration, the second is interlocking directorates and the most loose being personal affiliation and indirect interlocking.

64 companies including the giant San Miguel Corporation

Table 1 - Number Of Firms With Interlocking Directorates  
By Sector In 1988 Top Corporations

	Other Banks	Other Financial Institutions	Agriculture and Food	Real Estate	Industrial Mat./ Const./Mining	Transport & Communication	Others	Total
1. BPI, 1988	4	10	7	10	7	6	3	47
C1 <sup>a</sup>	1	8	4	7	2	5	2	29
C1 <sup>b</sup>	-	-	2	3	-	-	-	5
1984	3	8	5	10	15	3	-	44
2. FEBTC	7	12	19	9	15	2	7	71
1984	1	1	4	3	7	-	3	19
3. PCIB, 1988	1	9	5	7	4	1	1	26
1984	1	10	-	2	15	3	1	32
4. Metrobank, 1988	3	12	2	2	5	5	5	34
1984	1	1	1	1	2	1	1	8
5. RCBC, 1988	2	9	6	5	18	9	10	59
1984	-	-	1	2	-	-	7	10
6. Equitable	1	5	2	1	9	-	5	23
1984	-	2	-	1	3	1	-	7
7. China, 1988	4	6	1	11	9	-	4	35
1984	-	4	1	-	3	-	-	8
8. Union, 1988	3	7	8	5	18	7	6	54
CI	-	-	-	2	9	5	3	17
1984 (Insular)	-	7	2	4	5	3	1	19
(Union)	-	7	1	2	2	-	1	13
9. Allied, 1988	3	5	6	4	9	-	5	32
10. UCPB, 1988	-	2	3	1	4	1	1	12
1984	-	4	4	2	5	1	5	21
11. Citytrust	-	-	-	-	9	-	-	9
12. Philbanking Corp.-	-	2	-	1	8	1	1	13
1984	-	-	-	-	2	-	-	2
13. Intl. Corp. Bank	1	2	2	6	20	3	5	39
1984	-	1	-	-	6	-	1	8
14. Pilipinas Bank	2	4	1	1	4	3	1	16
1984	-	-	1	-	1	1	-	3
CI	-	-	-	2	3	1	-	-
15. Traders Royal	-	-	1	-	2	3	1	7
1984	-	-	-	-	-	1	-	1
16. Boston Bank, 1988	-	-	3	-	6	1	3	13
17. ComBank, 1984	1	1	-	1	-	-	2	4
18. Republic Planters	1	2	9	-	-	-	1	13
19. Solidbank	-	3	-	-	10	3	7	23
20. Security	-	1	1	2	2	-	5	11
21. Communications	-	1	-	1	2	1	6	11

Notes: Interlocking/controlling interest/affiliation of the following:

1. BPI: FEBTC, BPI Family Savings Bank, BPI Agricultural Development Bank, People's Development Bank, Monte de Piedad, China, Equitable Bank.
2. FEBTC: RCBC, China, Asia Bank, Banco de Oro, Philippine Chemical Bank and Mitsui Bank.
3. PCIB: RCBC, Republic Planters Bank.
4. RCBC: FEBTC, China, Asia Savings Bank, Planters Development Bank.
5. Metrobank: Monte de Piedad.
6. Equitable: Planters Development Bank.
7. China: FEBTC, RCBC, Asia Savings Bank, Banco de Oro.
8. Union: PNB, Urban Devt. Bank, Land Bank.
9. Allied: Western Pacific Bank, Pacific Bank, First Malayan Development Bank.
10. International Corporate Bank: Development Bank of the Philippines.
11. Pilipinas Bank: Development Bank of the Philippines, Planters Development Bank.
12. Combank: Land Bank of the Philippines.

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Table 1 shows the extensive interlocking of directorates between the large commercial banks and firms in various sectors. The Bank of the Philippine Islands (BPI) is a good case on which to focus attention. The Zobel de Ayala conglomerate to which the bank belongs is the largest in the country. BPI is the largest private commercial bank, KB, and has been in the leading position for more than two decades. It is interlocked with 47 other corporations which include 4 other banks, 10 insurance companies and other financial institutions, 7 companies in agriculture and food processing, 10 in real estate, 7 in the industrial/mining sector, 6 in transport/communications/travel, and 3 in other sectors. The family has controlling interest in 29 out of the 47 interlocked firms plus in 5 other corporations that are not in the interlocked list. It is interlocked with Pilipinas Shell Petroleum Corporation and the Shell Chemical Co. (Phil.) which are identified with Cesar Buenaventura whose brother heads the Philippine Commercial and International Bank (PCIB). BPI has interlocking and other affiliations with Far East Bank and Trust Company (FEBTC), China Banking Corporation and Equitable Bank, and has controlling interest in the BPI Family Bank, BPI Agricultural Development Bank, People's Development Bank and Monte de Piedad. BPI and Metropolitan Bank each have a director in Monte de Piedad. Metro Bank is one of the five largest KBs and is interlocked with 34 corporations which include 3 other banks and 12 non-bank financial institutions. The BPI and Union Bank each have a director in Lapanday Corporation.

The Far East Bank and Trust Company, the second largest private KB, has no known non-bank conglomeration but it has the most extensive interlocking — 71 companies in the various sectors. It is interlocked with seven banks including four commercial banks: PCIB, Rizal Commercial Bank Corporation (RCBC), China Banking Corporation, and Asia Bank. PCIB and RCBC are among the top 10 banks. Twelve insurance and other non-bank financial institutions are also interlocked with FEBTC. The PCIB is in turn interlocked with 26 corporations including the Republic Planters Bank, while RCBC is interlocked with 59 corporations including Planters Development Bank and 9 non-bank financial institutions. Equitable Bank has 23 interlocked corporations including Planters Development Bank which is interlocked with RCBC.

The Aboitiz family appears to have gained much power during the Aquino administration. The family bought controlling interest in Union Bank, a government-acquired KB. It is interlocked with 64 companies including the giant San Miguel Corporation, 7 non-

bank financial institutions, 8 in food/agriculture, 18 in industrial/mining/construction, 7 in transport/communications and 6 in other companies. The family has controlling interest in 19 of the interlocked firms.

Another group is still relatively small but was recently in the limelight over the control of the Boston Bank and the entry of the Columbian Motors in the Car Development Program. It is worth watching whether Elena Lim, the group's outspoken director and a newcomer in the conglomerate arena, will succeed in keeping her position. The bank is interlocked with 13 companies, though none of them financial.

Citytrust is a relatively small KB but boasts one of the fastest growth rates (in assets) in the post-Marcos era. It is associated with the Concepcion group though it has no interlocking with its industries. Banks that were closely associated with the Marcos cronies — the Allied Bank, the United Coconut Planters Bank (UCPB) and the Commercial Bank have suffered in relative importance. Allied and UCPB have remained big banks but market shares have fallen since the EDSA revolution. Allied is still interlocked with Lucio Tan's business firms numbering 32 while UCPB has been sequestered by the government and is now run by presidential appointees. It is interlocked with 12 companies. The failed and government-acquired Interbank has been privatized and now exhibits good recovery. It is interlocked with 39 corporations as compared with 8 in 1984.

The interlocking directorates and other affiliations between 8 leading banks — BPI, FEBTC, PCIB, RCBC, Equitable, Metropolitan, China and Union pose a rather serious threat to competition in the whole financial market. The interrelated banks control not only a fairly large proportion of the commercial banking assets, about 64 percent of private commercial bank assets, but also the non-bank financial sector especially the insurance business. Fifty-nine insurance and finance companies are interlocked with these leading KBs. The banks are identified with certain families: the BPI conglomerate with Zobel de Ayala-Andres Soriano, FEBTC with Jose B. Fernandez, PCIB with Gokongwei, RCBC with Yuchengco, Equitable with Go Pailan, China Banking with Henry Sy. The politically influential names that are associated with some of these banks are the Del Rosarios (Ramon Sr. is a director in FEBTC while his son is a director in RCBC); the Buenaventuras in BPI and PCIB; the Aboitiz in Union Bank, the Concepcions in City Trust; and J. B.

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Fernandez, the Central Bank Governor from 1984 to 1989 headed FEBTC. In its board is Roberto Villanueva who held high positions in the Private Development Bank Corporation and the Atlantic Gulf and Pacific Company, the largest construction and construction material firm in the country. Villanueva headed the ambitious Philippine Assistance Program. Union Bank is the Aboitiz conglomerate bank which has interlocking with many of the Aboitiz family enterprises. This bank was headed by Jose Cuisia in his capacity as Chairman of the Social Security System immediately before his assumption of the governorship of the Central Bank in replacement of J.B. Fernandez. One Aboitiz heads the National Power Corporation. Jaime Zobel of BPI has established a humanitarian image and helped in the 1986 revolution. BPI is interlocked with Pilipinas Shell which was headed by Cesar Buenaventura who is seen to be personally close to the President. BPI's interlocking with PCIB which is headed by Rafael Buenaventura, a brother of Cesar Buenaventura, strengthens BPI's political influence. Two sons of the late Carlos P. Romulo are bank directors, one in Equitable and the other in RCBC. Undersecretary of Trade and Industry Tomas Alcantara sits in the board of Interbank.

Table 1 also gives the comparative interlocking figures for the top 1,000 corporations for 1984, the second to the last year of the Marcos regime. The UCPB and the Allied Bank grew very rapidly and were among the five largest banks during the Marcos regime. Moreover, UCPB's interlocking declined rather drastically from 21 in 1984 to 12 in 1988. Allied Bank's interlocking increased but it is mainly with Lucio Tan's own enterprises, including his Fortune Tobacco. There are no currently important business and political names associated with Allied Bank. UCPB is essentially a government bank and so the personalities on its board and in its controlled corporations are there by appointment rather than by voluntary affiliation with other businessmen. PCIB, which was identified with Kokoy Romualdez, is now part of the large Gokongwei conglomerate. The businesses to which it is currently interlocked are different from before. Excepting PCIB, the Marcos-affiliated banks underwent adverse changes; their relative importance in the banking system and their conglomerate power fell.

The experiences of BPI, FEBTC, RCBC, Metro Bank and Equitable Bank contrast with the Marcos-related banks. The former banks survived and benefited from the financial instability of the last years of the Marcos era. As bank after bank failed during that time, these banks became the mainstays of the industry and attracted

clients from the less stable banks. Their relative importance or share in the industry assets increased from 17 percent to 19 percent from 1980 to 1985 to 43.87 percent in the present. They were able to establish affiliations with the new politically influential personalities. Under the continuing regime of industrial protection, overvalued currency and barriers to bank entry, these banks have successfully increased their interlocking directorates and degree of conglomeration. Between 1984 to 1988, the number of interlocked firms with BPI rose from 44 to 47; FEBTC from 19 to 71; RCBC from 10 to 59; Equitable from 7 to 23. Union Bank, a merger between the Insular Bank of Asia and Union Bank, increased the combined interlocking of the two banks from 32 to 54. China Banking, a relatively small bank, increased its interlocking from 8 to 35. These increases do not take into account the consolidation of some of the smaller interlocked companies. The data do show that the policy environment which gives monopoly power to banks and selected industries has fostered and sustained interlocking and conglomeration between banks and other enterprises. Being the major beneficiary of the policy regime, it may not be unreasonable to expect them to work for the retention of the policies. Their being interlocked into a small group of "successful" bankers and industrialists facilitates their organization into a united lobby group. It is not surprising that proposals for reforms of the financial system have met with a thick wall of resistance, in particular reforms that aim to liberalize entry of new banks and the marketing of government securities.

Tables 2.1 to 2.21 below show the extent of intelocking directorates for each bank in more detail.

**Table 2.1 - Bank Of The Philippine Islands**

(Directors: Jaime Zobel de Ayala, Xavier Loinaz, Ariston Estrada, Jr., Renato Buhain, Renato dela Fuente, Benito Araneta, Sabino Padilla, Jr., Pedro Roxas, Alberto de Villa- Abrille)

	1988	1984
	Interlocking Directorate	Controlling Interest
Other KB		
Far East Bank and Trust Co.	.	*
Other Banks		
BPI Agri. Devt. Bank	*	*
BPI Family Savings Bank	*	*
People's Devt. Bank of Cavite	*	*
Monte de Piedad and Savings Bank	*	*

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**Table 2.1 (Continued)**

	1988	1984	1978
Interlocking Directorate	Controlling Interest		
<b>Insurance and Other Financial</b>			
Filipinas Life Assurance Co.	*	*	*
FGU Insurance Corp.	*	*	*
Universal Reinsurance Corp.	*	*	*
Fidelity and Surety Co.	*	-	*
Insular Life Assurance Co. Ltd.	*	-	*
Ayala Investment and Devt. Corp.	*	*	*
Filinvest Credit Group	*	*	-
AEA Devt. Corp	*	*	*
Makati Leasing and Finance Corp.	*	*	*
Phil. Guarantee Co.	-	-	-
National Life Insurance Co.	-	-	-
Tabacalera Reinsurance	-	-	-
Ayala Fund Inc.	*	*	-
<b>Food, Beverage and Agriculture</b>			
Purefoods Corp.	*	*	*
Ayala Agri Devt. Corp.	*	*	*
Cadeco Agro Industries Inc.	*	*	-
Lapanday Agril. Devt. Corp.	*	*	-
McGeorge Food Industries Inc.	*	*	*
Central Azucarera Don Pedro	*	-	-
Boie Inc.	*	-	-
Cagayan de Oro Oil Mill	-	-	-
Aboitiz Southern Island Oil Mill	-	-	-
Granexport Corp.	-	-	-
Legaspi Oil Co. Inc.	-	-	-
Victorias Sugar	-	-	-
Bago-Medelling	-	-	-
RFM Corp.	-	-	*
Dole Processing	-	-	*
Hijo	-	-	*
Monterey Farms	-	-	*
Carnation	-	-	*
San Miguel Corp.	-	*	*
Davao Grains Inc.	-	*	-
<b>Real Estate/Commercial Development</b>			
A. Soriano Corp.	-	*	-
Ayala Corp.	*	*	*
Ayala Land Inc.	*	*	*
Enjay Inc.	*	-	-
Ayala Center	*	*	*
Makati Devt. Corp.	*	*	*
Makati Theaters Inc.	*	*	-
Davao Insular Hotel Co. Inc.	*	*	-
Program Realty and Devt. Corp.	*	*	-
Alabang Commercial Corp.	*	*	-
Mermac Inc.	*	-	*
Construction and Devt. Corp. of the Phil.	-	-	*
Engineering Equipment Inc.	-	-	*
Concrete Aggregates Inc.	-	-	*
Tierra Devt. Corp.	-	-	*
Gregorio Araneta Inc.	-	-	*

Table 2.1 (Continued)

	1988	1984	1978
	Interlocking Directorate	Controlling Interest	
Phil. Hoteliers	-	*	*
Manila Peninsula	-	*	*
FEATI University	-	-	*
Alabang Country Club	-	-	*
Calatagan Golf Club Inc.	-	-	*
Marawi Resort and Hotel	-	-	*
<b>Industrial Material/Construction/Mining</b>			
Integrated Microelectronic Inc.	*	*	*
Agusan Wood Industries Inc.	*	*	*
Makati Machinery and Equipment Inc.	*	*	*
Pilipinas Shell Petroleum Corp.	*	*	*
Shell Chemical Co. (Phil.) Inc.	*	*	*
FR Cement Corp.	*	*	*
NCR Corp. (Phil.)	*	*	*
Bacnotan Consolidated Industries Inc.	-	-	*
Republic Cement	-	-	*
Eternit	-	-	*
Phil. Prestressed Concrete	-	-	*
Georgia Pacific International Corp.	-	-	*
Ayala Construction Supply	-	-	*
Beta Electrical Supply	-	-	*
National Lead Co.	-	-	*
UBIX	-	-	*
BF Goodrich	-	-	*
Firestone Tire and Rubber	-	-	*
Connell Bros. Co. (Phil.)	-	-	*
Maria Christina Petroleum	-	-	*
Victorias Chemical	-	-	*
LMG Chemical	-	-	*
Ault & Wiborg Co.	-	-	*
Columbia Carbon	-	-	*
Lepanto Mining	-	-	*
Benguet Consolidated Mining	-	-	*
Usiphil Inc.	-	-	*
Makati Machinery Equipment	-	-	*
DMG Motors	-	-	*
Unranked Supercars Inc.	-	-	*
Diamond Cement & Ind'l Corp.	-	*	*
Basic Petroleum and Minerals Inc.	-	*	*
Victorias Milling Co. Inc.	-	*	*
IBM (Phil.) Inc.	*	*	*
Gold Zack Phil. Inc.	*	*	*
Reynolds Phil. Corp	*	*	*
Berli Jucker Industries Inc.	*	*	*
<b>Transport and Communications</b>			
International Travel Corp.	*	*	*
Batangas Bay Carriers Inc.	*	*	*
I Bhering Overseas Carriers	*	*	*
Cordoba Carriers Corp. Insular	*	*	*
Film International Inc.	*	*	*
AF Merchants Inc.	*	*	*
Bulletin Today	*	*	*
Globe-Mackay Cable and Radio Corp.	*	*	*



## INTERLOCKING DIRECTORATES

**Table 2.1 (continued)**

	1988	1984	1978
	Interlocking Directorate	Controlling Interest	
<b>Others</b>			
Integrated Property Mgt. Corp.	*	*	-
Share Program Inc.	*	*	-
Benguet Mgt. Corp.	*	-	-
Ramie Textile	-	-	*
Synthetic Textile Mfg.	-	-	*
PICOP	-	-	*

**Notes:**

The Zobel de Ayala Group has no interlocking directorship in 1988 with San Miguel Corporation but it has substantial investment with the company. Also, Jaime Zobel de Ayala is the uncle of Andres Soriano III of the San Miguel Corporation.

Jaime Zobel de Ayala is assisted by technocrats in his Ayala Conglomeration notably Xavier Loinaz, Ariston Estrada, Jr., Renato Buhawi and Renato dela Fuente, all of whom also sit as directors of the Bank of the Philippine Islands.

Monterey Farms is an affiliate of San Miguel Corp.

**Table 2.2 - Far East Bank And Trust Company**

(Directors: Rodrigo delos Reyes, Jose Chuidand, Go, Ramon V. del Rosario Sr., Henry Sy, Sr., James Uy, Luis I. Villanueva)

	1989	1984	1978
<b>Others KBs</b>			
China Banking Corp.	*		
PCI Bank	*		
Phil. National Bank	*		
<b>Other Banks</b>			
Banco de Oro Savings and Mortgage Bank	*	*	
Asia Savings Bank	*		
Phil. Chemical Bank	*		
Mitsui Taiyo Kobe Bank Ltd.	*		
<b>Insurance and Other Financial</b>			
Far East Venture Capital Corp.	*		
Far East Cuenco Leasing and Finance Corp.	*		
JBF Investment Corp.	*		
LPJ Investment Corp.	*		
FEB Insurance Brokering Co.	*		
Phil Am Life Insurance Co.	*	*	*
Makati Insurance Co. Inc.	*		
Trans-Phil Investment Corp.	*		

Table 2.2 (continued)

	1989	1984	1978
SM Investment Corp.	*	-	-
SM Fund Inc.	*	-	-
Sun Hung Kai Securities (Phil.) Inc.	*	-	-
Universal Robina Capital Corp.	*	-	-
PDCP	-	-	-
Cathay Insurance	-	-	-
Malayan Insurance	-	-	-
Great Pacific Life	-	-	-
Private Devt. Corp. of the Phil.	*	-	-

Real Estate/Commercial Devt.

Bancom Devt. Corp.	*	*	*
Neltex Devt. Co. Inc.	*	-	-
Shoemart Inc.	*	-	-
SLJ Stores Corp.	*	-	-
SM Appliance Center Inc.	*	-	-
SM Supermarket Inc.	*	-	-
Ayala Corp.	*	-	-
Ayala Property Venture	*	-	-
First Asia Realty Corp.	*	-	-
Tagaytay Resort Devt. Corp.	*	-	-
Multi Realty Devt. Corp.	*	-	-
Intercontinental Devt. Corp.	*	-	-
Manila Midtown Commercial Corp.	*	-	-
Robinson's Commercial Inc.	*	-	-
Robinson's Inc.	*	-	-
Robinson's Inn Inc.	*	*	-
A. Soriano Corp.	*	-	-
Phil Am Care Health Systems Inc.	*	-	-
Unimart	-	-	*
Makati Supermarket	-	-	*
Monja Estate	-	-	*
Phil. Hoteliers	-	-	*

Food, Beverage and Agriculture

Farmix Fertilizers Corp.	*	-	-
Blue Bar Coconut Phil. Inc.	*	-	-
Peter Paul Phil. Corp.	*	-	-
Universal Food Corp.	*	-	-
Hunt Universal Robina	*	-	-
Consolidated Food Corp.	*	-	-
Cebu Fooderama	*	-	-
United Planters Sugar Milling co.	*	-	-
Far East Piggeries	*	-	-
Legaspi Oil	*	-	-
Canlubang Sugar Corp.	*	-	-
Maaos Sugar Central Co.	*	-	-
Talisay-Silay Co.	*	-	-
Liberty Flour	*	-	-
Hijo	*	-	-

## INTERLOCKING DIRECTORATES

**Table 2.2 (Continued)** 1989 1984 1978

Davao Fruit	*		
Delta Farms	-		
Purefoods Corp.	*		
CPC Int'l	*		
Monterey Farms	*		
Commonwealth Foods	*		
San Miguel Corp.	*		
Wholesale Commodity and Exchange	-		
<b>Industrial Material/Construction/Mining</b>			
Filmag Phil. Inc.	*		
Phil. Duplicators Inc.	*		
Reynolds Phil. Corp.	*		
Bacnotan Consolidated Industries Inc.	*		
Central Cement Corp.	*		
Davao Union Cement Corp.	*		
Hi Cement Corp.	*		
SM Auto Services and Car Accessories Inc.	*		
Best Rubber Co. Inc.	*		
Beach Rubber Co. Inc.	*		
Panay Electric Co.	*		
Philex Mining Corp.	*		
Piltread Tire and Rubber Co.	*		
Beach Shipyard and Engineering Works	*		
Construction and Devt. Corp. of the Phil.	-		
Atlantic Gulf and Pacific Co. of Manila	*		
Northern Cement	-		
Republic Cement	-		
Filipinas Cement	-		
Phil. Rock Products	-		
Phil. Prestressed Concrete	-		
Elizalde Steel Corp.	-		
Rizal Integrated Steel	-		
Anscor	*		
Amon Trading	*		
Republic Glass	-		
Union Glass and Container	-		
Fil-Hispanico Ceramics	*		
Precision Electronics	-		
Phil. Electrical Manufacturing Corp.	-		
Semi-Conductor Devices	-		
Insular Lumber	-		
Davao Timber	-		
Resins Inc.	-		
Sherwin Williams	*		
Manila Cordage	-		
Phil. Carpet Mfg.	-		
NCR Corp.	-		
Del Rosario Bros.	*		
BF Goodrich	*		

Table 2.2 (Continued)

1989

1984

1978

Firestone Tire and Rubber	-	*	*
Soriamont	-	-	*
Herdis Marketing	-	-	*
Industrial Production Marketing	-	-	*
Chemical Industries	-	-	*
International Chemical	-	-	*
Lepanto Consolidated Mining co.	-	-	*
Western Minolco	-	-	*
Benguet Exploration	-	-	*
Black Mountain Mining	-	-	*
Apex Exploration	-	-	*
Vulcan Industrial and Mining	-	-	*
Usiphil	-	-	*
G.A. Machineries Inc.	-	-	*
Chrysler	-	-	*
Asian Transmission	-	-	*
Delta International Corp.	-	-	*
Trans-Asia Oil and Mineral Devt. Corp.	-	-	*
AG & P Industrial Corp.	-	-	*
<b>Transport and Communications</b>			
Reyna Transport Services Inc.	*	-	*
Negros Navigation	-	-	*
Globe Mackay	-	-	*
Compania Maritima	-	-	*
Batangas Bay Terminal Sugar Wheat Loading	-	-	*
PLDT	-	-	*
<b>Others</b>			
Eastern Textile Mills Inc.	*	-	*
Banfieb Mgt. Corp.	*	-	*
Street Marketing Corp.	*	-	*
Unimer Trading Corp.	*	-	*
United Pulp and Paper Co. Inc.	*	-	*
SM H & B Inc.	*	-	*
Matunara Inc.	*	-	*
Filsyn Corp.	-	-	*
Lirag Textile	-	-	*
PICOP	-	-	*
Bataan Pulp and Paper	-	-	*
Canlubang Pulp	-	-	*
Menzi Devt. Corp.	-	-	*
Hoechst	-	-	*
Phil. Tobacco Filters	-	-	*

Notes:

1. John Gokongwei, Jr. of PCIBank has a substantial shareholding in FEBTC and his brother James L. Go sits as a director of FEBTC.
2. Henry Sy, Jr. is the father of Hans Sy, a director of China Banking Corp.
3. Ramon V. del Rosario, Sr. is the father of Ramon R. del Rosario, Jr., a director of RCBC.

## INTERLOCKING DIRECTORATES

**Table 2.3 - Philippine Commercial And Industrial Bank**

(Directors: Lopez, Gokongwei, Ozaeta, Perez, Coyiuto)

	1988	1984
<b>Other KBs</b>		
Far East Bank and Trust Co.	*	*
Republic Planters Bank	*	*
<b>Insurance and Other Financial</b>		
Universal Robina Capital Corp.	*	*
PCI Leasing and Finance Inc.	*	*
R. Coyiuto Securities Inc.	*	*
Phil. Commercial Capital Inc.	*	*
Federal Phoenix Assurance Co. Inc.	*	*
PCI Capital Corp. Inc.	*	*
PCI Holding Inc.	*	*
Pacific Capital Funds	*	*
PCI Capital Asia Ltd.	*	*
PCI Kard Inc.	*	*
First Phil. Holdings Corp.	*	*
Prudential Guarantee and Assurance Co. Inc.	*	*
Country Bankers Insurance and Surety Co.	*	*
Country Bankers Life Insurance Co. Inc.	*	*
<b>Real Estate and Commercial Devt.</b>		
Manila Midtown Commercial Corp.	*	*
Robinson's Commercial Inc.	*	*
Robinson's Inc.	*	*
Robinson's Inv. Inc.	*	*
A. Soriano Corp.	*	*
Melitona Estate Inc.	*	*
PCI Realty Corp.	*	*
Jimbe Realty Devt. Corp.	*	*
<b>Food, Beverage and Agriculture</b>		
Hunt Universal Robina Corp.	*	*
Consolidated Food Corp.	*	*
Cebu Foodarama	*	*
United Planters Sugar Milling Co.	*	*
Global Food Mfg. Corp.	*	*
<b>Industrial Material/Construction/Mining</b>		
Computer Info. Systems Inc.	*	*
Central Cement Corp.	*	*
VIBES Inc.	*	*

Table 2.3 (Continued)

	1988	1984
Manila Electric Co.	*	*
Meralco Industrial Eng'g Services Corp.	-	*
Benguet Consolidated Inc.	-	*
International Heavy Equipment Inc.	-	*
Phil. Petroleum Corp.	*	*
Engineering Equipment Inc.	-	*
Warner Barnes and Co. Inc.	-	*
Stanford Microsystems Inc.	-	*
CDCP Mining Corp.	-	*
Filipinas Mktg. Corp.	-	*
Western Steel Inc.	-	*
Vanderbilt and Co. Ltd.	-	*
Phil. Cement Corp.	*	*
Philex Mining Corp.	*	*
Philtread Tire and Rubber Co.	*	*
<b>Transport and Communications</b>		
PCI Travel Corp.	*	*
PLDT Co.	*	*
Northern Lines Inc.	*	*
Alpha Pacific Corp.	*	*
ABS-CBN Broadcasting	*	*
Chronicle	*	*
<b>Others</b>		
Marsman Laboratories	*	*

Table 2.4 - Metropolitan Bank And Trust Company

(Directors: George S. K. Ty, Makalintal, Go, Placido Mapa, Periquet)

	1988	1984
<b>Other Banks</b>		
Philippine Savings Bank	*	*
Monte de Piedad and Savings Bank	*	*
Unitrust Development Bank	*	*
Philippine National Bank	*	*
<b>Insurance and Other Financial</b>		
First Metro Investment Corp.	*	*
The Charter Insurance Co. Inc.	*	*
Pan Philippines General Insurance Corp.	*	*

## INTERLOCKING DIRECTORATES

**Table 2.4 (Continued)**
**1988**
**1984**

	1988	1984
Unibancard Corp.	*	-
First Metro Leasing and Finance Corp.	*	-
MBTC Venture Capital Inc.	*	-
First Metro Industrial Investment Co. Ltd.	*	-
Philippine Charter Insurance Corp.	*	-
Pacific Union Insurance Co.	*	-
Public Securities and Investment Corp.	*	-
Consolidated Insurance Co. Inc.	*	-
Group International Reinsurance and Gen. Insurance Co. Ltd.	*	-
First Philippine Holdings Corp.	*	-
<b>Real Estate and Commercial Development</b>		
Metrobank Plaza	*	-
Manila Doctors Hospital	*	-
Maranaw Hotels and Resort Group	*	-
<b>Food, Beverage and Agriculture</b>		
Batangas Sugar Central Inc.	*	-
Legaspi Import and Export Corp.	*	-
Maple Agricultural Corp.	*	-
<b>Industrial Material/Construction/Mining</b>		
Thomas Cook Inc.	*	-
Plastic Group Philippines Inc.	*	-
Pencil and Hammer Corp.	*	-
Multistructures Inc.	*	-
Minerva Mines	*	-
Meralco	*	-
Meralco Industrial Eng'g Services Corp.	*	-
<b>Transport and Communication</b>		
Bankers Express Travel Agency	*	-
Isla Tours and Travel Inc.	*	-
Underwriters Publications Co. Inc.	*	-
Periquet Underwriters	*	-
A. Periquet and Co.	*	-
Philippine Air Lines	*	-
<b>Others</b>		
MBTC Mgt. Consultancy Inc.	*	-
Access International Organizers Inc.	*	-
First Asian Risk Exchange Mgt. Inc.	*	-
Philippine Exhibition Services Org.	*	-
Guaranteed Education Inc.	*	-
Manotok Bros. Inc.	*	-

Table 2.5 - Equitable Banking Corporation

(Directors: Peter Go Pailan, George L. Go, Manuel Morales)

	1989	1984	1978
Other KBs			
Other Banks			
Planters Devt. Bank			
Insurance and Other Financial			
Traders Insurance and Surety Co. Inc.	*	*	*
Phil. Am Life Insurance Co.	*	*	*
Reliance Surety and Insurance Co. Inc.	*	*	*
Ayala Fund Inc.	*	*	*
Beneficial Life Insurance Co. Inc.	*	*	*
State Investment House	-	-	*
Equitable Insurance	-	-	*
Real Estate and Commercial Devt.			
Urban Planners and Devt. Corp.			
Food, Beverage and Agriculture			
Kraft Foods Inc. (Phil.)	*	*	*
Menzi Agricultural Corp.	*	*	*
Granexport Corp.	-	-	*
San Miguel Corp.	-	-	*
Industrial Material/Construction/Mining			
BASF (Phils.) Inc.	*	*	*
Engineering Equipment Inc.	*	*	*
Goulds Pumps Inc.	*	*	*
Honda Philippines Inc.	*	*	*
Menzi Industries	*	*	*
Menzi and Co. Inc.	*	*	*
Sime Darby Pilipinas Inc.	*	*	*
IBM Philippines Inc.	*	*	*
Pacific Equipment Corp.	*	*	*
Construction and Devt. Corp. of the Phil.	-	-	*
Republic Glass	-	-	*
Firestone Tire and Rubber	-	-	*
Philippine Vinyl Corp.	-	-	*
Sulpicio	-	-	*
Solid Marketing	-	-	*
Cynamide Inc.	-	-	*
Benguet Exploration	-	-	*



## INTERLOCKING DIRECTORATES

**Table 2.5 (Continued)**

	1989	1984	1978
Black Mountain Mining	-		
Apex Exploration	-		
Ford Philippines	-		
Citywide Mfg.	-		
AHS/Philippines Inc.	-		
<b>Transport and Communications</b>			
Sulpicio Lines	-		
Lorenzo Shipping	-		
<b>Others</b>			
Agrotex Commodities Inc.	*		
Imperial Textile Mills Inc.	*		
Filsyn Corp.	*		
WR Grace Philippines Inc.	*		
Zuellig Pharma Corp.	*		
PICOP	-		
Menzi Devt. Corp.	-		
Pfizer Inc.	-		
Johnson & Johnson	-		

Note:

1. Manuel Morales is a director of the Philippine National Bank and an examiner at the Central Bank.

**Table 2.6 - Rizal Commercial Banking Corporation**

(Directors: Alfonso Yuchengco, Chester Babst, Susanne Santos, Roberto Romulo, Leonardo Siguion-Reyna, Eduardo Lopez, Ramon R. del Rosario, Jr.)

	1989	CI	1984	1978
<b>Other KBs</b>				
China Bank (Sy)	-	-		*
<b>Other Banks</b>				
Planters Devt. Bank	*			
Asian Savings Bank	*			
<b>Insurance and Other Financial</b>				
Malayan Insurance Co. Inc. (Dee)	*	*	*	*
Malayan Zurich Insurance Co. Inc.	-	*	*	-

Table 2.6 (Continued)

	1989	CI	1984	1978
The Malayan Group of Insurance Co.	*	-	-	-
Industrial Finance Corp.	-	*	-	-
BA Finance Corp.	*	-	*	-
IFC Leasing and Finance Corp.	-	*	-	-
House of Investment Inc.	*	*	-	-
First Pacific Capital Corp.	*	-	-	-
Pacific Plans Inc.	*	-	*	-
Pacific Memorial Plans Inc.	-	-	-	-
Anchor Insurance Brokerage Corp.	*	-	-	-
Anscor Capital and Investment Corp.	*	-	-	-
Insular Life Assurance Co. Ltd.	*	-	-	-
Phil. Pacific Capital Corp.	-	-	-	*
Phil. Veterans Investment	-	-	-	*
Great Pacific Life Assurance Corp. (Dee)	-	-	-	*
CCC Insurance Corp.	-	-	*	*
Pan Malayan Insurance Corp. (Puyat)	-	*	*	*
Cibeles Insurance	-	-	-	*
Commonwealth Ins.	-	-	-	*
Domestic Ins.	-	-	-	*
Eastern General Ins.	-	-	-	*
First Nationwide Ins.	-	-	-	*
Reinsurance Co. of the Phil.	-	-	-	*
Rico Gen. Insurance	-	-	-	*
Insurance Corp. of the Phil.	-	-	-	*
MICO Equities Inc.	-	*	-	-
<b>Real Estate/Commercial Devt.</b>				
Pan Malayan Realty Corp.	*	-	-	-
Industrial Realtors Inc.	*	-	-	-
Rustan Commercial Corp. (Tantoco)	*	-	*	*
Rustan Supermarket	*	-	*	*
Crismida Realty Corp.	*	-	-	-
<b>Food, Beverage and Agriculture</b>				
Checked Farms Inc.	*	*	-	-
Zamboanga Food Products	*	-	-	-
Standard Fruits (Phil.)	*	-	-	-
Provident Tree Farms Inc.	*	-	-	-
Coca-Cola Bottlers Phil. Inc.	*	-	-	*
RFM Corp.	-	-	*	*
Dole Phil. Inc.	*	-	*	*
Menzi Agriculture	-	-	-	*
Commonwealth Foods	-	-	-	*
Wonder Inc.	-	-	-	-
Diamond Farms Inc.	-	*	-	-
Golden Farms Inc.	-	*	-	-
<b>Industrial Material/Construction/Mining</b>				
Phil. Fuji Xerox Corp.	*	-	-	*
Foremost Wood Products Inc.	*	-	-	*

## INTERLOCKING DIRECTORATES

**Table 2.6 (Continued)**

	1989	CI	1984	1978
Philrock Products Inc.	*	*	*	*
Data Phil. Inc.	*	-	-	-
Complex Electronics Corp.	*	-	-	-
Asea Brown Boveri Inc.	*	-	-	-
Filflex Ind'l Mfg. Corp.	*	-	-	-
Electrolux Phil. Inc.	*	-	-	-
Philskan Industries Inc.	*	-	-	-
Sandvik Phil. Inc.	-	*	-	-
Rubicon Inc.	*	-	-	-
Bacnotan Consolidated Industries Inc.	*	-	-	-
Seafront Petro and Min. Resources Inc.	-	*	-	-
Davao Union Cement Corp.	*	-	-	-
CDCP Mining Corp.	-	*	-	-
Hi-Cement Corp.	*	-	*	*
Fortune Cement Corp.	-	-	*	-
IBM Phil. Inc.	*	-	-	-
Info. Technology Assoc. of the Phil.	*	-	-	-
Construction & Devt. Corp. of the Phil.	-	-	-	*
Filipinas Cement	-	-	-	*
Super Industrial Corp.	-	-	-	*
Warner Barnes	-	-	-	*
Filipinas Mfg.	-	-	-	*
Hi-Marketing Corp.	*	*	*	*
Republic Glass	-	-	-	*
General Electric	-	-	-	*
Far East Wire and Cable	-	-	-	*
Trident Stevedoring Corp.	-	-	*	*
Zamboanga Wood Products	-	*	*	-
NCR Corp.	-	-	-	*
Olympia International	-	-	-	*
Del Rosario Bros.	-	-	-	*
Goodyear Tire and Rubber Co.	*	-	*	*
Super Industrial Corp. (Dee, Brimo, Tantoco)	-	*	*	-
Marcopper Mining	-	-	-	*
Lepanto Mining	-	-	-	*
Southern Star Mining Corp.	-	-	*	*
International Harvester Mcleod	-	-	*	-
Ekman and Co. Inc.	-	-	*	*
Renault Phil. Inc.	-	-	*	-
Atlas Explosives	-	-	-	*
Autoworld Sales Corp.	-	-	*	-
Northern Motors	-	-	-	*
<b>Transport and Communications</b>				
PLDT (Yulo, Ramon Cojuangco)	*	-	*	*
Electronic Telephone Systems Industries Inc.	*	-	*	-
Phil. Global Communications	*	-	-	-
United Dockhandlers Inc.	*	-	*	-

Table 2.6 (Continued)

	1989	CI	1984	1978
Herald Publications Inc.	-	-	*	-
Vicor Music Corp.	-	-	*	-
Veterans Electronic Communications Inc.	-	-	*	-
Communication Foundation for Asia Inc.	*	-	-	-
Oceanic Escolta, Inc.	*	-	-	-
Sankfil Shipping Corp.	*	-	-	-
Trans-Malayan Shipping Corp.	*	-	-	-
Trans-Swedish Shipping Corp.	*	-	-	-
Globe-Mackay Cable and Radio	-	-	-	*
<b>Others</b>				
Swedish Match Phil. Co.	*	-	-	-
Valmora Investment and Mgt. Corp.	*	-	-	-
Enrique T. Yuchengco Inc.	*	-	-	-
Consultacia Mgt. Sercies nc.	*	-	-	-
Hi Eishi Pharmaceutical Inc.	*	-	*	*
Electrolux Mktg. Inc.	*	-	-	-
Ramie Textiles Inc.	*	-	-	-
Riverside Mills	-	-	-	*
PICOP	-	-	*	*
Bataan Pulp and Paper	-	-	-	*
Steniel Mfg. Corp.	-	-	*	*
Scott Paper Inc.	-	-	-	*
Rustan Mfg. Corp.	-	-	-	*
Menzi Devt. Corp.	-	-	-	*
Richardson Merrell	-	-	-	*
Phil. Refining Co.	*	-	*	*
Phil. Match Co. Ltd.	*	-	*	*
Perafilms Inc.	-	-	-	-
Rustan Mktg. Corp.	-	-	-	-
Pasig Textile Industries Inc.	-	*	-	-
Hi-Daiwa House Phil. Inc.	-	*	-	-
Hi-Daiei Trading Co. Inc.	-	*	-	-
Philmark Inc.	-	*	-	-
Hival Corp.	-	*	-	-

## Notes:

1. Alfonso Yuchengco's daughter, Helen Y. Dee, is married to Peter S. Dee of China Banking Corp.
2. Chester Babst is involved in the management of the Yuchengco conglomerate on agri-business.
3. The Yuchengco conglomerate relies upon Antonio W. Diokno, the brother of ex-senator Jose W. Diokno, a prominent political leader in the opposition party.
4. Chester Babst is the Vice President of Prudential Bank and President of Pacific Banking Corp.

## INTERLOCKING DIRECTORATES

### Table 2.7 - China Banking Corporation

(Directors: Peters S. Dee, Hans Sy)

	1989	1984	1978
Other KBs			
Far East Bank	*	-	-
Philippine National Bank	*	-	-
RCBC (Via Helen Yuchengco-Dee)	-	-	*
Other Banks			
Banco de Oro Savings and Mortgage Bank	*	-	-
Asia Savings Bank	*	-	-
Insurance and Other Financial			
SM Investment Corp.	*	-	-
SM Fund	*	-	-
Makati Insurance Co.	*	-	-
Paramount Insurance Corp.	*	-	-
Cathay Insurance Co. Inc.	*	*	*
Union Investment Corp.	*	-	-
Phil Am Investment Corp.	-	-	*
Phil. Pacific Capital Corp.	-	*	*
Phil. Am Life	-	-	*
Malayan Insurance	-	-	*
Great Pacific Life	-	-	*
CBC Finance Inc.	*	*	-
CBC Venture Capital Corp.	*	*	-
Private Devt. Corp. of the Phil.	*	-	-
Real Estate Commercial Devt.			
Shoemart Inc.	*	-	-
SM Appliance Center Inc.	*	-	-
SM Supermarket Inc.	*	-	-
Ayala Corp.	*	-	-
Ayala Property Venture	*	-	-
First Asia Realty Corp.	*	-	-
Multi-Realty Devt. Corp.	*	-	-
Intercontinental Devt. Corp.	*	-	-
Cityland Devt. Corp.	*	-	-
Ridgeview Realty Corp.	*	-	-
Food, Beverage and Agriculture			
RFM Corp.	-	-	*
Dole Processing	-	-	*
Monterey Farms	-	-	*

Table 2.7 (Continued)

	1989	1984	1978
Commonwealth Foods	-	-	*
Wonder Inc.	-	-	*
Ace Farms Inc.	*	*	-
<b>Industrial Material/Construction/Mining</b>			
SM Auto Services and Car Accessories Inc.	*	*	-
Dee Construction Corp.	*	-	-
Best Rubber Corp.	*	-	-
Phil. Pacific Mfg. Corp.	*	-	-
Beach Rubber Co. Inc.	*	-	-
Beach Shipyard and Eng'g Works	*	-	-
Isabela Wood and Devt. Corp.	-	-	*
Erectors Inc.	-	-	*
Hi-Cement Corp.	-	-	*
Phil. Rock Products	-	-	*
Lanao Steel	-	-	*
Super Industrial Corp.	-	-	*
Hoover Camalco	-	-	*
Hi Marketing Corp.	-	-	*
Far East Wire and Cable	-	-	*
Zamboanga Wood Products	-	-	*
Sinclair Phil. Inc.	*	*	*
Olympia International	-	-	*
Avesco	-	-	*
Marinduque Mining	-	*	*
Philex Mining	-	-	*
Lepanto Mining	-	-	*
Western Minolco	-	-	*
Apex Exploration	-	-	*
Unranked Supercars Inc.	-	-	*
Blue Ridge Mineral Corp.	*	-	-
Fortune Motors	-	-	*
Sydeeco Motors Inc.	*	-	-
Union Motors	-	-	*
Northern Motors	-	-	*
<b>Transport and Communications</b>			
Globe Mackay Radio and Cable	-	-	*
<b>Others</b>			
SM H & B Inc.	*	-	-
Theater Consultants Inc.	*	-	-
Riverside Mills	-	-	*
Mabuhay Textile	-	-	*
Continental Mfg.	-	-	*
Knitjoy Mfg.	-	-	*
Riedson Textile	-	-	*
Manila Press	-	-	*
Phil. Tobacco Flu, Curing, Redying	-	-	*

## INTERLOCKING DIRECTORATES

**Table 2.7 (Continued)**

	1989	1984	1978
DDD Inc.	*	-	-
Tornio Inc.	*	-	-

Notes:

1. Peter S. Dee is married to Helen Yuchengco, daughter of RCBC's Alfonso Yuchengco.
2. Hans Sy is the son of FEBTC's Henry Sy, Sr.

**Table 2.8 - Republic Planters Bank**

(Directors: Johnny Araneta, Dominguez, Follosco)

	1988
<b>Other Banks</b>	
Land Bank of the Phil.	*
<b>Insurance and Other Financial</b>	
Insular Life Assurance Co. Ltd.	*
Phil. Crop Insurance Corp.	*
<b>Food, Beverage and Agriculture</b>	
National Sugar Refineries Corp.	*
San Carlos Milling Co. Inc.	*
Phil. Cotton Corp.	*
Planters Foundation Inc.	*
Phil. Dairy Corp.	*
Phil. Rice Research Institute	*
International Rice Research Institute	*
Phil. Agricultural Econ. and Devt. Assoc. Inc.	*
Phil. Sugar Corp.	*
<b>Others</b>	
Cooperative Mktg. System of the Phil. Inc.	*

Note:

1. Carlos Dominguez, director of Rep. Planters Bank, was Secretary of Agriculture at the time this paper was written.

Table 2.9 - Union Bank of the Philippines

(Directors: Aboitiz, Cuisia, Barcelon, Villa-Abrille, Moraza, Roa)

	1988	CI	1984
<b>Other KBs</b>			
Philippine National Bank	*	-	*
<b>Other Banks</b>			
Urban Devt. Bank	*	-	-
Philippine Amanah Bank	*	-	-
Land Bank of the Philippines	-	-	*
<b>Insurance and Other Financial</b>			
Pacific Plans Inc.	*	-	-
Barcelon-Roxas Securities Inc.	*	-	-
Bancom Insurance Brokers Inc.	*	-	-
National Investment and Devt. Corp.	*	-	-
Paraclete Foundation	*	-	-
Great Pacific Life Assurance Corp.	*	-	-
Pacific Memorial Plan	*	-	-
<b>Real Estate and Commercial Development</b>			
Central Visayas Realty and Invt. Co. Inc.	*	*	-
Gorones Devt. Corp.	*	-	-
Phil. Cocoa Estates Corp.s	*	-	-
Mantrade Devt. Corp.	*	-	-
Zitroba Land Devt. Inc.	*	*	-
<b>Food, Beverage and Agriculture</b>			
Apo Fruit Corp.	*	-	-
San Miguel Corp.	*	-	-
Blue Bar Coconut Phil. Inc.	*	-	-
Hijo Plantation Inc.	*	-	-
Universal Food Corp.	*	-	-
Phil. Cocoa Corp.	*	-	-
Pepsi Cola Bottling Co. of the Phil. Inc.	-	*	-
Southern Island Oil Mills Inc.	*	*	-
Lapanday	*	-	*
<b>Industrial Material/Construction/Mining</b>			
Aboitiz and Co. Inc.	*	*	-
Consolidated Industrial Gases Inc.	*	-	-
Cebu Oxygen and Acetylene Co. Inc.	*	-	-



## INTERLOCKING DIRECTORATES

**Table 2.9 (Continued)**

	1988	CI	1984
Smith Bell and Co. Inc.	*	*	-
Aboitiz Mfg. Corp.	*	*	-
National Industrial Gases Corp.	*	*	-
Phil. Cylinder Co.	*	*	-
Aboitiz Eng'g Services Corp.	*	*	-
Tagum Plastics Inc.	*	-	-
Cebu Ice and Cold Storage Corp.	*	*	-
Cebu-Ormoc Ferry Inc.	*	*	-
Ormoc Electric Co. Inc.	*	*	-
Jolo Power Co. Inc.	*	*	-
Davao Light and Power Co. Inc.	*	-	-
Metaphil Inc.	*	-	-
Fuller-O' Brien Paint Co. Inc.	*	-	-
Rizal Integrated Steel Mill Corp.	*	-	-
Pan Pacific Computer Center Inc.	*	-	-
Eastern Pacific Steel Industries Inc.	*	-	-
Semi Conductor Devices Phil. Inc.	-	-	*
Atlas Consolidated Mining and Devt. Corp.	-	-	*
<b>Transport and Communications</b>			
Aboitiz Overseas Shipping Corp.	*	*	-
Aboitiz Shipping Corp.	*	*	-
Aboitiz Jepsen Bulk Transport Corp.	*	*	-
Cebu Shipyard and Eng'g Works Inc.	*	*	-
Europphil Ocean Lines Inc.	*	-	-
Filscan Devt. Corp.	*	-	-
Lorentzen Maritime Inc.	-	-	-
<b>Others</b>			
Pilipinas Kao Inc.	*	*	-
Aboitiz Marketing Corp.	*	*	-
Urbanizadera Inc.	*	*	-
Street Marketing Corp.	*	-	-
Kao (Phil.) Inc.	*	-	-
Pan Pacific Computer Center Inc.	*	-	-
University Physicians Services Inc.	-	-	*

Note:

1. Luis Aboitiz is the brother of Ernesto Aboitiz of the National Power Corp.

Table 2.10 - Insular Bank of Asia and America

(Directors: Aboitiz, Alcantara, Jorge Go, Cuisia, Manuel Moraza)

	1984	1978
<b>Insurance and Other Financial</b>		
Reliance Surety and Insurance Co. Inc.	*	-
Commercial Credit Corp. of Cebu	*	-
Commercial Credit Corp. of Davao	*	-
Commercial Credit Corp. of South Manila	*	-
Commercial Credit Corp. of Cagayan de Oro	*	-
Commercial Credit Corp. of Makati	*	-
Bancasia Finance and Investment Corp.	*	-
CCC Insurance	-	*
FGU Insurance	-	*
Metropolitan Insurance	-	*
Rizal Surety	-	*
Phil. Home Assurance	-	*
Sterling Life	-	*
Worldwide Insurance Soc.	-	*
Commonwealth Insurance	-	*
<b>Commercial Devt. and Realty</b>		
Made (Market Developers) Inc.	*	-
Market Developers Inc.	*	-
Alsons Devt. and Investment Corp.	*	-
Apo Gulf and Country Club	*	-
Shoemart	-	*
Lapanday Agrl. and Devt. Corp.	-	* O
Rustan Commercial	-	-
<b>Food, Beverage and Agriculture</b>		
Sunfoods Inc.	*	-
Sarangani Cattle Co. Inc.	*	-
Aboitiz Southern Island Oil Mill	-	*
San Carlos Milling	-	*
Pasudeco	-	*
Liberty Flour	-	*
Pillsburg Mindanao Flour	-	*
Purefoods Corp.	-	*
<b>Industrial Material/Construction/Mining</b>		
Consolidated Industrial Gases Inc.	*	-
Fuller-O' Brien Paint Co. Inc.	*	-
Iligan Cement Corp	*	*
Hi-Cement Corp.	*	*
LM Camus Eng'g Corp.	-	*

## INTERLOCKING DIRECTORATES

**Table 2.10 (Continued)**

	1984	1978
Bacnotan Cement	-	*
Continental Cement	-	*
C. Alcantara & Sons Inc.	*	*
Ever Electric Mfg.	-	*
Phil. Wallboard Corp.	-	*
Cummins Diesel Sales	-	*
National Industrial Gases	-	*
Columbian Motors	-	*
<b>Transport and Communications</b>		
Northern Mindanao Transport Co. Inc.	*	-
Alcor Transport Corp.	*	-
Coven Trade Corp.	*	-
Sulpicio Lines	-	*
Negro Navigation	-	*
Aboitiz Shipping	-	*
Lorenzo Shipping	-	*
Sea Transport Co.	-	*
<b>Others</b>		
United Pulp Corp. of the Phil.	*	-
Steniel Mfg. Corp.	-	*
Rustan Mfg. Corp.	-	*
Associated Anglo-American Tobacco Co.	-	*

**Table 2.11 - Boston Bank of the Philippines/Commercial Bank of Manila**

(Directors. Elena Lim, Cabilao, delos Reyes)/(Robles, Blas Ople, Roman Cruz, Jr., Ver, Yuson)

	1988	1984
<b>Other Banks</b>		
Land Bank of the Philippines	-	*
<b>Insurance and Other Financial</b>		
Consolidated Insurance Co. Inc.	-	*
<b>Real Estate and Commercial Devt.</b>		
Hotel Enterprises of the Phil. Inc.	-	*

Table 2.11 (Continued)

1988

1984

## Food, Beverage and Agriculture

Ace Foods Inc. \* -  
 Asset Marketing Corp. \* -  
 Ram Food Products Inc. \* -

## Industrial Material/Construction/Mining

Solid Corp. \* -  
 Solid Distributors Inc. \* -  
 Electro Components Inc. \* -  
 AA Industries Inc. \* -  
 Tristar Electronics Corp. \* -  
 Automatic Appliances Inc. \* -

## Transport and Communication

AA Marine Devt. Corp. \* -

## Others

Jenny's Garments Inc. \* -  
 Capital Garment Corp. - \*  
 Filipinas Synthetic Fiber Corp. - \*  
 AA Exports and Imports Corp. \* -  
 Phil. Export Foundation Inc. \* -

Table 2.12 - Solidbank Corporation

(Directors: Madrigal, Francisco Ortigas III)

1988

## Insurance and Other Financial

Phil Am Investment Corp. \*  
 Francisco Ortigas Securities Inc. \*  
 Trans Phil. Investment Corp. \*

## Industrial Material/Construction/Mining

Solid Cement Corp. \*  
 Rizal Cement Co. \*  
 AG Industrial Corp. \*  
 Lepanto Consolidated Mining Co. \*  
 Rizal Integrated Steel Mill Corp. \*  
 Concrete Aggregates Corp. \*  
 Surigao Consolidated Mining Co. Inc. \*  
 Electro Components Inc. \*  
 Sanyo Phil. Inc. \*  
 Tristar Electronics Corp. \*

## INTERLOCKING DIRECTORATES

**Table 2.12 (Continued)**

1988

**Transport and Communication**

Atlantic Gulf and Pacific Co. of Manila	*
Madrigal Shipping Co.	*
AA Marine Devt. Corp.	*

**Others**

Francisco Ortigas Co. Inc.	*
Ortigas and Co. Ltd.	*
Madrigal and Co.	*
United Pulp and Paper Co. Inc.	*
Malayan Textile Mills Corp.	*
AA Commercial Inc.	*
AA Export and Import Corp.	*

**Table 2.13 - Citytrust Banking Corporation**

(Director: Brimo)

1988

**Industrial Material/Construction/Mining**

Philex Mining Corp.	*
Phil. Overseas Drilling and Oil Devt. Corp.	*
Phil. Realty and Holding Corp.	*
Philtread Tire and Rubber Corp.	*
Firestone Tire and Rubber Co.	*
Armco-Marsteel Alloy Corp.	*
Surigao Consolidated Mining Co. Inc.	*
Phil. Associated Smelting and Refining Corp.	*
Scafront Resources Corp.	*

Table 2.14 - United Coconut Planters Bank

	1988	1984
<b>Insurance and Other Financial</b>		
Allied Guarantee Insurance Co. Inc.	*	-
Malayan Insurance Co. Inc.	*	*
Anscor Capital and Investment Corp.	-	*
Monarch Insurance Co. Inc.	-	*
Provident Insurance Corp.	-	*
United Coconut Planters Life Assurance Corp.	-	*
<b>Real Estate and Commercial Devt.</b>		
AEA Devt. Corp.	*	-
A. Soriano Corp.	-	*
Anscor Corp.	-	*
<b>Food, Beverage and Agriculture</b>		
United Cocoa Plantation Inc.	*	-
San Pablo Mfg. Corp.	*	-
Legaspi Oil Co. Inc.	*	-
RFM Corp.	-	*
San Miguel Corp.	-	*
Coca-Cola Bottlers Phil. Inc.	-	*
Phil. Coconut Authority	-	*
<b>Industrial Material/Construction/Mining</b>		
Dutch Boy Phil. Inc.	*	-
United Coconut Chemicals Inc.	*	-
Phil. Overseas Drilling and Oil Devt. Corp.	*	-
United Construction Co. Inc.	*	-
Atlas Consolidated Mining and Devt. Corp.	-	*
Atlas Fertilizer Corp.	-	*
Phelps Dodge (Phil.) Inc.	-	*
Phil. Oil Devt. Co. Inc.	-	*
Nin Bay Mining Co. Inc.	-	*
<b>Transport and Communication</b>		
Herald Publications Inc.	-	*
<b>Others</b>		
Valiant Distributors Inc.	*	-
Ramie Textiles Inc.	-	*
Nobel Phil. Inc.	-	*
Industrial Textiles Mfg. Co. of the Phil. Inc.	-	*
PICOP	-	*
Phil. Refining Co.	-	*

## INTERLOCKING DIRECTORATES

**Table 2.15 - Allied Banking Corporation**

(Directors: Lucio Tan, Willy Co)

	1988	1984
<b>Other Banks</b>		
Western Pacific Bank	*	-
Pacific Bank	*	-
First Malayan Devt. Bank	*	-
<b>Insurance and Other Financial</b>		
Allied Leasing Corp.	*	-
Twice Ace Holding Corp.	*	-
Allied Bankers Insurance Corp.	*	-
Charter House	*	-
Allied Pacific Corp.	*	-
<b>Real Estate and Commercial Devt.</b>		
Grandspand Devt. Corp.	*	-
Dominion Realty & Const. Real Estate Devt. Corp.	*	-
Century Park Sheraton	*	-
Lucratic Realty Inc.	*	-
<b>Food, Beverage and Agriculture</b>		
Asia Brewery Inc.	*	*
Tanduay Distillery	*	-
Foremost Farms Inc.	*	-
Carlsberg Phil. Inc.	*	-
Progressive Farm Corp.	*	-
Sipalay Trading Corp.	*	*
<b>Industrial Material/Construction/Mining</b>		
Allied National Import Corp.	*	-
British Columbian Western	*	-
Paragon Electronics	*	-
Himmel Industries	*	-
Golden Inc.	*	-
Spartan Inc.	*	-
Roldan Inc.	*	-
Virgo Inc.	*	-
Red Wood Inc.	*	-
<b>Others</b>		
Fortune Tobacco Corp.	*	*
Northern Tobacco Redrying Plant	*	-
Virginia Tobacco Redrying Plant	*	-
Central Textile Mills Inc.	*	*
Malayan Textile Mills	*	-

Table 2.16 - International Corporate Bank

(Directors: Velayo, Alcantara, Ramos, Seifet)

	1988	1984
<b>Other Banks</b>		
Dev't. Bank of the Philippines	*	-
<b>Insurance and Other Financial</b>		
Prudential Guarantee and Assurance Inc.	-	*
Herdis Mgt. and Investment Corp.	*	-
Amvel Investment and Mgt. Corp.	*	-
<b>Real Estate and Commercial Dev't.</b>		
Philippine Realty and Holding Corp.	*	-
Ding Velayo Sports Center Inc.	*	-
Maligaya Resorts Inc.	*	-
Bancom Realty Corp.	*	-
Silahis Realty Corp.	*	-
Bancom Dev't. Corp.	*	-
<b>Food, Beverage and Agriculture</b>		
NDC-Electric Plantations Inc.	*	-
Bancom Farms	*	-
<b>Industrial Material/Construction/Mining</b>		
NCR Corp. (Phil.)	*	*
Phil. Overseas Drilling and Oil Dev't. Corp.	*	-
Seafront Resources Corp.	*	-
Iligan Cement Corp.	*	-
Phil. Associated Smelting and Refining Corp.	*	-
Basic Petroleum and Minerals Inc.	*	-
Lepanto Consolidated Mining Corp.	*	-
Vulcan Industrial Mining Corp.	*	-
Surigao Consolidated and Mining Corp.	*	-
Oriental Petroleum and Minerals Corp.	*	*
Trans-Asia Oil and Mineral Dev't. Corp.	*	-
Beta Electric Corp.	*	-
Cellophil Resources Corp.	*	-
FNSP Inc.	*	-
Summa Computer Services Corp.	*	-
Pacific Office Machines	*	-
HID Corp.	*	-
Industrial Products Mfg. Corp.	*	-
Phil. Lumber and Plywood Mfg. Assoc.	*	-
Manila Cordage Corp.	*	-



## INTERLOCKING DIRECTORATES

**Table 2.16 (Continued)**

	1988	1984
Benguet Corp.	-	*
Engineering Equipment Inc.	-	*
Consolidated Industrial Gases	-	*
Westinghouse Asia Controls Corp.	-	*
<b>Transport and Communication</b>		
Nova Communication Inc.	*	-
Solar Publishing	*	-
Gulf Pacific Co. of Manila Inc.	*	-
<b>Others</b>		
Filsyn	*	*
PICOP	*	-
Cacho Hermanos Inc.	*	-
Lipave Mgt. Corp.	*	-
Fimar Inc.	*	-

**Table 2.17 - Security Bank**

(Directors: Philip Ang, Manuel Lopa, Jr., George Siy)

	1988
<b>Insurance and Other Financial</b>	
Security Diners and International Corp.	*
<b>Real Estate and Commercial Development</b>	
Baguio Leisure Corp.	*
Landmark	*
<b>Food, Beverage and Agriculture</b>	
Manlo Feeds Inc.	*
<b>Industrial Material/Construction/Mining</b>	
Tri-Union Industrial Group	*
Dynamic Computer Services Inc.	*
<b>Others</b>	
Solid Mills Inc.	*
Trans-Asia Textile Mills Inc.	*
Jay and Hagger Jeans and Sportswear Corp.	*
Unisal	*
Wrangler Jeans and Sportswear	*

Table 2.18 - Philippine Bank of Communications

(Directors: Ang Ben Uh, Nubla, Perez)

	1988	1984
<b>Insurance and Other Financial</b>		
Cathay Insurance Co. Inc.	*	-
<b>Real Estate and Commercial Devt.</b>		
Bengson's Investment and Realty Corp.	*	-
<b>Industrial Material/Construction/Mining</b>		
Century Container Corp.	*	-
Phil. Vinyl Consortium Inc.	-	*
<b>Transport and Communications</b>		
United Daily News Inc.	*	-
<b>Others</b>		
Universal Tricot Mills Inc.	*	-
International Garment Mfg. Corp.	*	-
Inter-Capital Mktg. Corp.	*	-
Universal Textile Mills Inc.	*	-
Apollo Enterprises Inc.	*	-
La Perla Industries Inc.	*	-

Table 2.19 - Pilipinas Bank

(Directors: Victor Macalincag, Tomas Apacible)

	1988	1984	CI
<b>Other Banks</b>			
Devt. Bank of the Philippines	*	-	-
Planters Devt. Bank	*	-	-
<b>Insurance and Other Financial</b>			
Philippine Deposits Insurance Corp.	*	-	-
Home Insurance Guarantee Corp.	*	-	-
National Home Mortgage Finance Corp.	*	-	-
All Asia Capital and Leasing Corp.	*	-	-

## INTERLOCKING DIRECTORATES

**Table 2.19 (Continued)** 1988      1984      CI

	1988	1984	CI
<b>Real Estate and Commercial Devt.</b>			
Amarem Realty Corp.	-	-	*
Manila Midtown Hotel	*	-	-
E. S. Garcia Devt. Corp.	-	-	*
<b>Food, Beverage and Agriculture</b>			
National Food Authority	*	-	-
McGeorge Food Industries Inc.	-	*	-
<b>Industrial Material/Construction/Mining</b>			
Atlas Consolidated Mining and Devt. Corp.	*	-	-
Chemical Industries of the Phil. Inc.	*	-	*
Chemical Phil-LMG Inc.	*	-	*
Polyphosphates Inc.	*	-	*
Oriental Petroleum and Minerals Corp.	-	*	-
<b>Transport and Communication</b>			
Light Rail Transit Corp.	*	-	-
Phil. Aerospace Devt. Corp.	*	-	-
PLDT Co.	*	*	-
Chemical Bulk Carriers	-	-	*
<b>Others</b>			
Filsyn Corp.	*	-	-

**Notes:**

1. Victor Macalincag is the Underscretary of Finance.
2. Tomas Apacible is the brother of Conrado Apacible of Congress.

**Table 2.20 - Traders Royal Bank**

	1988	1984
<b>Food and Beverage</b>		
New Sunripe Coconut Products Inc.	*	-
<b>Industrial Material/Construction/Mining</b>		
Manila Electric Co.	*	-
Republic Glass Corp.	*	-
<b>Transport and Communication</b>		
Eastern Telecommunications Phil. Inc.	*	*
Oceanic Wireless Network Inc.	*	-
PLDT Co.	*	-
<b>Others</b>		
Filayn Corp.	*	-

**Table 2.21 - Philippine Banking Corporation**

(Directors: Aytona, Laurel, Umali)

	1988	1984
<b>Insurance and Other Financial</b>		
Malayan Insurance Co. Inc.	*	-
Filfactors Finance	*	-
<b>Real Estate and Commercial Development</b>		
AEA Devt. Corp.	*	-
<b>Industrial Material/Construction/Mining</b>		
Honda Philippines Inc.	*	*
Mariwasa Mfg. Inc.	*	-
Trans World Trading Co. Inc.	*	-
Manila Electric Co.	*	*
Electro Alloys Corp.	*	-
Akai Philippines Inc.	*	-
Phil. PetroChemical Products Inc.	*	-
Tri-Union Philippines Corp.	*	-
<b>Transport and Communication</b>		
Philippine Wireless Inc.	*	-
<b>Others</b>		
Alliance Textile Mills Inc.	*	-

Note:

1. Dominador Aytona is chairman of the Central Bank Monetary Board.

The same group of interlocked industries that is being protected from foreign and domestic competition may be behind the resistance against devaluation and the dismantling of quantitative import controls and its replacement by a simple tariff structure.

### 5. Monopoly Power

This section further discusses interlocking directorates with the concept of monopoly power. Market structure as determined by the firm size of the industry reflects the degree of concentration

## INTERLOCKING DIRECTORATES

among industries. Although market shares for individual firms in an industry are confidential, the National Statistics Office (NSO) reports the percentage of industry sales accounted for by the top 4 firms and the top 8 firms. When analyzed within the context of interlocking directorates, it would be seen that some firms affiliated or controlled by commercial banks are concentrated or have monopoly powers. In the manufacturing industry alone, 16 of these firms belong to concentrated industries.

Table 3 shows the commercial bank-interlocked firms with their corresponding industry classification in 4-digit PSIC code and the concentration ratios of the top 4 firms with respect to the total industry in 1987.

The Bank of the Philippine Islands (BPI), which has the most industry-concentrated manufacturing firms, has in its control Purefoods Corporation, San Miguel Corp., Integrated Microelectronics Inc., Pilipinas Shell Petroleum Corp., and Gold Zack Philippines, Inc. The Purefoods Corp. and three other firms account for 86.683 percent of the market for slaughtering, preparing and preserving meat. The giant San Miguel Corporation (SMC) in turn monopolizes the malt liquors and malt industry. SMC has 70 percent ownership of Philippine Dairy Products Corp., and 45 percent of Nestle Philippines, Inc. which are among the top 4 firms accounting for 88.423 percent of the market for manufacturing dairy products except milk. Thirdly, another subsidiary/affiliate, La Tondeña Distillers, which is also 70 percent owned by SMC is among the top 4 firms capturing 100 percent of the market for manufacturing wine. Nestle Philippines is also among the top 4 firms capturing 99.8 percent of the market for coffee roasting and processing. The Integrated Microelectronics Inc., manufacturer of electric wires and wiring devices, shares 92.9 percent with 3 other firms of the market. The Gold Zack Philippines, Inc. and 3 other firms capture 80.4 percent of the market for manufacturing made-up textile goods except wearing apparel. The Pilipinas Shell Petroleum Corp. along with Caltex Philippines, Inc. and the Philippine Petroleum Corp. fully controls the petroleum refineries industry. Note that Pilipinas Shell Petroleum Corp. owns 99.5 percent of the Philippine Petroleum Corporation. The Philippine Commercial International Bank (PCIB) which is interlocked with BPI has in its control the Philippine Petroleum Corporation.

The Rizal Commercial Banking Corporation (RCBC) has Dole Philippines, Inc. sharing 95.54 percent of the market for canning

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Table 3 - Commercial Banks And Concentrated Industries

Bank	Corporation	Industry Classification	CR4
BPI	Purefood Corp.	slaughtering, preparing & preserving meat	0.86683
	San Miguel Corp.	malt liquors and malt	1.00000
	Integrated Micro-electronics Inc.	mfc. of electric wires & wiring devices	0.92900
	Pilipinas Shell Petroleum Corp.	petroleum refineries	1.0000
	Philippine Dairy Products	mfc. of dairy products except milk	
PCI	Gold Zack Phil. Inc.	mfc. of made-up textiles	0.80385
	Phil. Petroleum Corp.	petroleum refineries	1.00000
RCBC	Dole Phil. Inc.	canning & preserving of fruits & vegetables	0.95540
Equitable	Honda Phil. Inc.	mfc. of motorcycles & bicycles	0.98810
	Kraft Foods Inc.	mfc. of dairy products except milk	0.88423
Union	San Miguel Corp.	malt liquors & malt	1.00000
	Pilipinas Kao Inc.	mfc. of soap, cleaning prep., perfumes, cosmetics & other toilet	0.84191
	Kao Phil. Inc.	mfc. of soap, cleaning prep., perfumes, cosmetics & other toilet	0.84191
Citytrust	Phil. Asso. Smelting & Refining Corp.	non-ferrous smelting & refining plants except precious metals	1.00000
Philbank	Honda Phil. inc.	mfc. of motorcycles & bicycles	0.98910
	Mariwasa Mfg. Corp.	mfc. of structural clay products	1.00000
Interbank	Phil. Asso. Smelting & Refining Corp.	non-ferrous smelting & refining plants except precious metal	1.00000
	Westinghouse Asia Controls Corp.	mfc. of electrical appliances & supplies	0.89243
Boston	Ram Food Products Inc.	canning & preserving of fruits & vegetables	0.95540
Republic	Phil. Dairy Corp.	mfc. of dairy products except milk	0.88423

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and preserving of fruits and vegetables with 3 other firms. Equitable Bank has Kraft Foods, Inc. which accounts for 88.423 percent of the market for manufacturing dairy products except milk, with 3 other firms and Honda Philippines, Inc. which has 98.81 percent of the market for manufacturing of motorcycle and bicycles with 3 other firms. The Philippine Banking Corp. besides having Honda Philippines, Inc. has also Mariwasa Manufacturing, Inc., sharing 100 percent of the market for manufacturing of structural clay products with 3 other firms.

The Citytrust Bank and the International Corporate Bank (Interbank) have the Philippine Associated Smelting and Refining Corp. which monopolizes the industry of non-ferrous smelting and refining plants except precious metal. The Interbank also has in its control Westinghouse Asia Controls Corporation which is among the top 4 that account for 89.243 percent of the market for manufacturing of electrical apparatus and supplies.

The Union Bank of the Philippines (Union Bank) is another interesting bank. Besides being interlocked with the powerful San Miguel Corp., it has controlling interest in Pilipinas Kao, Inc. and Kao Philippines, Inc. Both firms, along with 2 other firms comprise 84.191 percent of the market for the manufacture of soap and cleaning preparations, perfumes, cosmetics and other toilet preparations. And, the Republic Planters Bank has the Philippine Dairy Corp. which is among the top 4 firms comprising 88.423 percent of the market for manufacturing of dairy products except milk.

An application of these concentrated industry firms is that commercial banks tend to have specialized control on industries. BPI, for example, tends to operate on the food and beverage industry as well as the manufacturing industry while Union Bank has the tendency to specialize on manufacturing of soap, cleaning preparations, perfumes, cosmetics and other toilet preparations. Another point to consider is that even if a certain competitive industry exists, the firms behave in such a way that there is collusion. A reason might be that most of these firms are conglomerated. An example is the Aboitiz group. Although nationwide the shipping industry is widely competitive, the Aboitiz group has local monopolies in shipping and electric power supply. It operates the Aboitiz Overseas Shipping Corporation, the Aboitiz Shipping Corp., and the Aboitiz Jebesen Bulk Transport Corp. and Aboitiz's Oromoc Electric Co., Inc., Jolo Power Co., Inc., and Davao Light and

Power Co., Inc. More so, Ernesto Aboitiz is the president of the government's National Power Corporation. The Citytrust's Henry Brimo has Philex Mining Corporation and Surigao Consolidated Mining Co., Inc. in the mining industry, as well as Philtread Tire and Rubber Corp. and Firestone Tire and Rubber Co. in the tire and rubber industry.

Monopoly power by a firm initiates pricing of goods and services over the marginal cost. This exceeds the actual price but the consumers are constrained to pay at this price because the dominant firm dictates it. The dominant firm, capturing the larger part of the market, becomes the producer sufficient enough to supply the goods and services. And to maintain this monopolistic power, policies and interest rates as provided for by the affiliated commercial bank are set to favor the firm.

## 6. Concluding Remarks

The casual observation about the control by Manila's "40" families over the country's economic wealth is not without an empirical basis. The paper established the extensive interlocking directorates among the largest 1,000 corporations which include banks, and firms in industry, agriculture and mining. The largest five banks, which share half of private commercial bank assets, interlock with hundreds of firms in various sectors and with other commercial banks and all the major insurance companies. The major banks are interlocked and/or conglomerated with firms in highly-concentrated industries. Especially noteworthy is their control over petroleum refining and food processing. The families that control these banks and their conglomerates are politically influential. Their business success has been widely acclaimed though it is explained in part by the privileges the government has granted them. Their entrepreneurship certainly accounts for part of this success and it is possible that they might have flourished even without government protection. The reality confounds the sources of their achievement. A test of their entrepreneurial ability is the surmounting of competition from new entrants to business and from international suppliers. But this has been resisted. A case in point is the resistance of the BAP against the expansion of foreign bank branching and foreign bank entry. It proposes cost-increasing barriers to entry like frozen foreign exchange deposits in addition to capital investment. Only one domestic KB, the Asia



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Bank, has been allowed to open in the last five years. This bank is controlled by the Del Rosario group, one of the leading interlocked groups.

The paper argued that the conglomeration of, and the intricate interlocking directorates, in the largest financial and non-financial corporations in the country have been initiated and sustained by the protective industrial, trade and financial policies of the government. The protective policy environment has discouraged competition from new domestic firms and foreign companies thus allowing the conglomerates to maintain their monopoly power. This is reflected in the high concentration ratios in sectors that are interlocked or conglomerated with the big banks. The large banks themselves are interlocked with each other. Interlocking facilitates collusion and the organization of lobby groups. The difficulty of effectively carrying out reforms in industrial, trade and financial policy directed at fostering competition — an avowed objective of the government — might be explained by the resistance of vested interest which is composed mainly of these conglomerates and interlocked banks and industries. While there is no solid evidence to support the presence of organized lobbies by the leading business groups, there are indicators they exist. The BAP for instance came out with recommendations to the Central Bank for imposing cost barriers to foreign banks/branches which wish to open business here. We have the Philippine Chamber of Commerce and Industry which regularly issues press releases and statements either supporting policies that are favorable to the business of its members, or opposing reforms that would diminish their market power. The BAP and PCCI have expressed their views on the issues of bank entry, trade liberalization, and devaluation. The PCCI has expressed its view favoring the ratification of the Treaty on Friendship, Cooperation and Security. There are many other instances showing grouped expression of views on economic issues. Such grouped thinking and likely lobbying are definitely facilitated by the interlocking directorates in the leading businesses of the land. A consensus exists among economists from here and abroad that structural reforms in the country are required in order to accelerate growth. Success stories abound in neighboring countries on the effects of such structural reforms. Yet the government has chosen the status quo. It would seem therefore that reforms could only be expected after a sufficiently strong countervailing power against the well-organized vested interest would have developed. The situation does not appear very optimistic but history oftentimes comes up with surprises.

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