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Any Evidence On Economic Imperialism?

By

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Comments are highly appreciated.

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This paper summarizes the results obtained in "Foreign Business Interests in the Philippines: The Compilation of Data on Ownership by Nationality" (February 22, 1971, School of Economics, University of the Philippines) and "The Philippine Manufacturing Corporation: The Compilation of Financial and Ownership Data" (March 29, 1971, School of Economics, University of the Philippines).

The first study investigated the ownership by nationality of all corporations in the mining and manufacturing sector in the Philippines which sold over 5 million pesos (\$1.25 million) in 1968. I chose the year 1968 partly because it was a normal year, but the main reason was the availability of "Business Day Special Report: The 1,000 Largest Corporations, 1968" (Enterprise Publications, Inc., 1970), which lists all corporations with the sale of over P1.9 million in 1968. Among the 1,000 corporations I took only those in the mining and manufacturing sector which sold over P5.0 million. I could take all mining and manufacturing corporations, but because of time limit I chose about 320 corporations by using P5.0 million as a cutting point.

The second study is the result obtained by examining the financial statement of about 260 corporations included in the first study. The corporations in the mining and wood industry are not included in the second study. I obtained the financial statement of each of the 260, and computed the rate of returns. Net income is defined as income after corporate income tax but inclusive of dividends on preferred stocks, and net worth the sum of paid-in capital and accumulated earned profits. I also investigated fixed assets as an indicator of the scale of corporations.

In the second study, the corporations are first divided into "Foreign" and "Domestic". Corporations are classified as "Foreign" if more than 50% of stocks with full voting right are owned by foreigners, and "Domestic" if owned by Filipino citizens. Thus, a corporation owned by Chinese who lives in the Philippines is classified as "Foreign". "Foreign" corporations are further divided into "Subsidiary" and "Non-Subsidiary". "Subsidiary" includes those owned by foreign-domiciled corporations engaged in a related line of business. Other corporations under "Foreign" are classified as "Non-Subsidiary". "Domestic" corporations are divided into "Filipino" and "Chinese-Filipino". The latter are those owned by Filipinos with Chinese names, and all other "Domestic" corporations are classified as "Filipino".

For information I relied mostly on Board of Investments and Securities and Exchange Commission. Sometimes, I supplemented it by visiting commercial attache in embassies and also the corporations in question.

The following seven tables might contain information useful for some purposes. Some day I will write my interpretation of those tables, but in doing so I may introduce bias imbedded in my economics training in Japan and the U.S.A. Thus, I might be unconsciously taking the position of a Japanese (and to a certain extent American) imperialist. But the data processed here are neutral, and you can put confidence in them as much as you do in the information corporations supply to government agencies. The tables are made available in order to give you a better picture of Philippine corporations. If you claim that foreign business is imperialistic and exploitative, is it substantiated by the results in this paper? Please go through the following tables and interpret them on your own.

TABLE I

The Distribution of Corporations by Industry

Industry		Number of Corporations	Percentage
I	Mining	13	4.07%
II	Food, Beverage & Tobacco	81	25.39
	1. Dairy	4	1.25
	2. Sugar	20	6.26
	3. Flour	6	1.88
	4. Other food	18	5.64
	5. Beverage	4	1.25
	6. Liquor	6	1.88
	7. Tobacco	12	3.76
	8. Copra	11	3.44
III	Textile	34	10.65
	1. Textile	31	9.71
	2. Industrial Textile	3	.94
IV	Logging & Wood	50	15.67
V	Chemical	51	15.98
	1. Petroleum	4	1.25
	2. Paint	6	1.88
	3. Fertilizer	3	.94
	4. Drug	14	4.38
	5. Soap & Cosmetics	4	1.25
	6. Battery	3	.94
	7. Match	2	.62
	8. Others	15	4.70
VI	Metal Fabrication	26	8.15
VII	Household Appliance	11	3.44
VIII	Machinery & Equipment	18	5.64
	1. Gen. Machinery & Equipment	8	2.50
	2. Transport	10	3.13
IX	Others	35	10.97
	1. Paper & Paper Products	9	2.82
	2. Rubber	7	2.19
	3. Glass	3	.94
	4. Cement	9	2.82
	5. Construction Materials Not Classified Elsewhere	4	1.25
	6. Animal Feeds	2	.62
	7. Others	1	.31
		319	100.0%

TABLE II

The Distribution of Corporations by Industry
And Ownership by Nationality

Industry	Total Number of Corporations	C O N T R O L				
		Philippino	American	Chinese	Japanese	Others
✓ I Mining	13	11	2			
II Food, Beverage & Tobacco	81	54	16	5		6
✓ 1. Dairy	4	1	2			1
✓ 2. Sugar	20	15	3			2
✓ 3. Flour	6	6				
4. Other Food	18	11	6			1
5. Beverage	4	1	3			
6. Liquor	6	5		1		2
✓ 7. Tobacco	12	8		2		
✓ 8. Copra	11	7	2	2		
III Textile	34	29	1	2		2
✓ 1. Textile	31	27				
2. Industrial Textile	3	2	1	2		2
✓ IV Logging & Wood	50	41	9			
V Chemical	51	20	28			3
✓ 1. Petroleum	4	0	3			1
2. Paint	6	3	3			
3. Fertilizer	3	3				
4. Drug	14	2	12			
5. Soap & Cosmetics	4	1	2			1
6. Battery	3	2	1			
7. Match	2	1				1
8. Others	15	8	7			
VI Metal Fabrication	26	19	4	2		1

TABLE II
(page 2)

Industry	Total Number of Corporations	C O N T R O L			
		Filipino	American	Chinese	Japanese
VII Household Appliance	11	6	5		
VIII Machinery & Equipment	18	10	8		
1. Gen. Machinery & Equipment	8	3	5		
2. Transport	10	7	3		
IX Others	35	28	7		
1. Paper & Paper Products	9	7	2		
2. Rubber	7	4	3		
3. Glass	3	2	1		
4. Cement	9	9			
5. Construction Materials Not Classified Elsewhere	4	3	1		
6. Animal Feeds	2	2			
7. Others	1	1			
TOTAL	319	218	80	9	1

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TABLE III

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The Distribution of Corporations by Type of Ownership and Industry

Industry	Total	Foreign		Domestic	
		Subsidiary	Non-Subsidiary	Filipino	Chinese-Filipino
A. Food, Beverage & Tobacco	81	16	11	35	19
1. Dairy	4	3			1
2. Sugar	20		5	15	
3. Flour	6			4	2
4. Other Food	18	7		6	5
5. Beverage	4	3			1
6. Liquor	6		1	4	1
7. Tobacco	12	1	3	1	7
8. Copra	11	2	2	5	2
B. Textile	34	2	3	17	12
1. Textile	31	1	3	15	12
2. Industrial Textile	3	1		2	
C. Chemical	51	29	2	15	5
1. Petroleum	4	4			
2. Paint	6	1	2	2	1
3. Fertilizer	3			3	
4. Drug	14	12		1	1
5. Soap & Cosmetics	4	3			1
6. Battery	3	1		2	
7. Match	2	1		1	
8. Others	15	7		6	2
D. Metal Fabrication	26	5	2	8	11
E. Household Appliance	11	3	2	5	1
F. Machinery & Equipment	18	7	1	8	2
1. Gen. Machinery & Equip.	8	4	1	3	
2. Transport	10	3		5	2
G. Others	35	5	2	19	9
1. Paper & Paper Product	9	2		4	3
2. Rubber	7	3			4
3. Glass	3		1	1	1
4. Cement	9			9	
5. Construction Materials					
Not Classified					
Elsewhere	4		1	2	1
6. Animal Feeds	2			2	
7. Others	1			1	
TOTAL	256	67	23	107	59

TABLE IV

The Rate of Returns by Industry and Ownership
(median)

Industry	Unit: %				
	Total	Foreign		Domestic	
		Subsidiary	Non-Subsidiary	Filipino	Chinese-Filipino
A. Food, Beverage & Tobacco					
a. Dairy	38.4	43.6			9.2
b. Sugar	13.4		16.4	10.8	
c. Flour	5.2			5.2	
d. Other Food	11.0	13.1		7.8	6.0
e. Beverage	45.4	58.3			32.3
f. Liquor	16.7		16.4	22.8	8.7
g. Tobacco	15.8	2.7	16.7	49.6	14.3
h. Copra	10.5	0.0	29.0	10.5	8.2
B. Textile					
a. Textile	3.1	11.5	3.1	Negative	8.6
b. Industrial Textile	15.2	11.1		19.7	
C. Chemical					
a. Petroleum	9.9	9.9			
b. Paint	17.5	15.9	19.6	0.0	21.6
c. Fertilizer	Negative			Negative	
d. Drug	28.5	30.3		16.0	28.3
e. Soap & Cosmetics	20.5	19.8			21.2
f. Battery	12.5	32.8		10.2	
g. Match	25.0	36.6		13.4	
h. Others	12.0	12.0		18.1	0.0
D. Metal Fabrication	7.5	16.0	7.2	6.7	6.4
E. Household Appliance	13.0	33.3	24.7	3.1	3.3
F. Machinery & Equipment					
a. Gen. Machinery	14.6	26.0	5.6	5.9	
b. Transport	14.1	15.1		13.0	16.1
G. Others					
a. Paper & Paper Products	8.2	0.0		6.9	8.2
b. Rubber	11.1	28.4			9.4
c. Glass	10.8		12.9	10.8	6.7
d. Cement	5.1			5.1	
e. Construction Materials Not Classified Elsewhere	14.8		14.3	9.6	20.3
f. Animal Feeds	0.0			0.0	
g. Others	Negative				

TABLE V

The Distribution of the Rate of Returns to Net Worth

Rate of Returns	Foreign		Domestic	
	Subsidiary	Non-Subsidiary	Filipino	Chinese-Filipino
Loss	7	0	26	3
0 - 5.0%	2	5	21	15
5.1 - 10.0	5	3	11	16
10.1 - 15.0	9	3	21	9
15.1 - 20.0	10	4	11	4
20.1 - 30.0	9	6	12	7
30.1 - 50.0	15	1	3	4
Over 50.0	<u>10</u>	<u>1</u>	<u>2</u>	<u>1</u>
TOTAL	67	23	107	59
Median	20.9%	15.3%	7.9%	8.3%
Maximum	297.3%	55.1%	57.2%	51.6%

TABLE VI

The Rate of Returns to Paid-in Capital

Rate of Returns	Foreign		Domestic	
	Subsidiary	Non-Subsidiary	Filipino	Chinese-Filipino
No Information	3	0	0	0
Loss	7	0	26	3
0 - 5.0%	2	3	21	13
5.1 - 10.0	1	4	9	14
10.1 - 15.0	3	1	12	5
15.1 - 20.0	4	3	11	8
20.1 - 30.0	10	6	9	7
30.1 - 50.0	13	4	10	7
Over 50.0	<u>24</u>	<u>2</u>	<u>9</u>	<u>2</u>
TOTAL	67	23	107	59
Median	34.3%	21.8%	9.0%	9.7%
Maximum	720.0%	184.6%	118.6%	81.4%

TABLE VII

The Distribution of Corporation by Type of Ownership and Size of Fixed Assets

Fixed Assets	Foreign		Domestic	
	Subsidiary	Non-Subsidiary	Filipino	Chinese-Filipino
No Information	3	0	1	0
≤ P1.0 M	5	6	5	6
1.1 - 3.0	20	5	22	19
3.1 - 5.0	10	3	17	8
5.1 - 10.0	12	4	17	13
10.1 - 20.0	7	4	18	4
20.1 - 30.0	3	1	14	7
30.1 - 50.0	2	0	7	2
> 50.0	<u>5</u>	<u>0</u>	<u>6</u>	<u>0</u>
TOTAL	67	23	107	59
Median	P4.6 M	3.3	7.0	4.6
Maximum	P316.5 M	16.8	318.0	46.6