

STATISTICS TO A BUSINESS REPORTER

by

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The importance of reliable and up-to-date statistics in more advanced countries like the United States is underscored by the fact that trade associations and some of the big business establishments maintain their own statistical services and release weekly all the necessary and pertinent data for their respective businesses or industries. Thus, it is possible to secure weekly statistics on carloadings through the Association of American Railroads, the weekly production of steel through the Iron and Steel Institute, production of petroleum through the American Petroleum Association and the volume of retail sales through an association of department stores.

The U.S. Department of Agriculture gives weekly progress reports on the various crops or the extent of crop damage if any, plus prompt statistics on production for the past crop year and forecasts of production for the next crop year. Also made available promptly are figures on trade trends from the Department of Commerce and reliable statistics on national income and other vital national economic barometers from various other official agencies.

In the Philippines, as in other underdeveloped or less developed countries, the gathering, compilation and processing of statistics on major economic indicators should be even more important since statistics are needed to guide economic policies and decisions. Economic planning would not have any purpose or direction if we could not avail of accurate or reliable statistics to guide our actions and enable us to set our goals. How should we know, for instance, whether we should import or export rice unless we are certain that we have a deficit or a surplus? It was not unusual that in the past we would import rice on the strength of statistics prepared by a certain government agency that we were facing a shortage, and not long after export rice on the strength of another government instrumentality's claim that we suddenly discovered we had a

surplus. And not long after we would discover that we had to import again since we had no surplus after all or that we had exported more than we should. It was a vicious circle which we could have avoided if we had more reliable and up-to-date statistics.

Or take the case of statistics on our total financial resources, capital formation and available investment capital. We generally agree — at least all intelligent and honest businessmen and economic observers do — that we lack investment capital at this stage of our economic development. There are a few who will differ with us, as evidenced by the opposition put up by a few congressmen to the foreign investments bill when it was being debated in the Congress. At any rate, the bill certified by President Carlos Garcia is supported by the majority of business leaders in this country, attesting to the fact that most informed people recognize the need for more investment capital to enable us to achieve a normal rate of growth.

But there are really no reliable statistics on such indicators as the rate of capital formation in this country, the amount of hoarded funds or potential capital, or even the total requirements for investment capital to enable us to attain a normal rate of economic growth or to catch up on our problems of underproduction, unemployment and underemployment and low living standards. If there were such reliable statistics, we might possibly be able to reduce or remove some of the stubborn opposition to the entry of foreign capital or even eliminate some unfounded fears on the so-called threat of big business or monopolies inside the country.

To the average businessman the importance or the essentiality of statistics to their respective business could not be underestimated. Businessmen have to rely on certain statistics to guide their day-to-day decisions or their long-range plans. No long-range planning is possible without reliable statistics on which to base such program. To the investor or speculator in stocks or commodities, daily statistics on

price trends and even daily reports on political as well as economic trends here and abroad are necessary; he bases his decisions on whether to buy or sell on the basis of daily price fluctuations and also on the prevailing investment climate as affected by day-to-day developments on such trouble spots as Laos, Cuba or the Congo as well as on developments in the Congress or at Malacañang.

To a journalist or a business writer, statistics on the various economic life, in the international as well as in the local scene, are probably as important since such statistics provide the basic raw materials for an accurate and objective reporting on economic trends. A business writer, to be able to do any solid reporting on basic and major economic trends, must have reliable and up-to-date statistics on the rate of economic growth — national income or gross national product, production, price trends, wages, employment, investments, credit availability, imports and exports, retail and gross sales, new business registrations and business failures, earnings or losses, and of course population and the other forces that affect the supply-and-demand picture.

Most statistics are self-explanatory, especially to the experienced statistician. But quite a good deal of the figures are meaningless to the layman and it is the job of the business reporter, as it is of the statistician or the economic analyst, to interpret such statistics. The reporter who has to write largely for the average newspaper reader faces the additional task of boiling down these statistics to more understandable terms, through the help of interpretation and analysis usually, so the average wage earner will grasp what certain economic developments mean to his pay and his buying power, so the housewife will see how price trends and factors that influence price trends will affect her daily family budget, and so the average businessmen will be guided accordingly in his daily decisions as well as in his long-range plan of expansion by latest trends in prices, wages, retail sales, foreign trade and other factors affecting investments and production.

Even the trained statistician sometimes may not be able to see readily the reasons behind a certain economic fluctuation unless the supplier of statistics accompanies the statistical report with some explanation. A recent example is the statistical table of the Economic Research Department of the Central Bank on foreign trade. It would not be easy to understand, for instance, why the trade balance turned against the Philippines in 1960 when imports were supposed to be still curbed by tight credit as well as reduced dollar allocations by the Central Bank and when exports were beginning to feel the impact of decontrol.

According to the Bank's foreign trade statistics for 1960, the merchandise balance for that year was against the Philippines in the amount of \$44 million in contrast to a favorable trade balance of over \$20 million in the preceding year (a). The reason for this surprising performance last year, according to the Central Bank's economic research department, was the inclusion of reparations and other no-dollar shipments in the computation of import statistics. For statistical purposes, such shipments have to be included to determine the actual volume of foreign goods that enter the country. Since reparations shipments, however, do not require dollars, the balance of payments for last year was still in the Philippines' favor.

It is now common knowledge that one of the factors which influenced the start of the decontrol program on April 25, 1960 was the attainment of a favorable balance of payments and restoration of relative stability. At the end of 1959 the Central Bank's preliminary statistics showed a favorable trade balance in excess of \$40 million. Thus, on January 25, 1960, President Carlos P. Garcia said, referring to the favorable foreign trade showing: . . . "Worthy of repeated mention is the attainment for the first time in postwar history of a favorable balance of trade and balance of payments to the tune of \$46.4 million." (b)

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Quite a rumpus was raised over the accuracy of the C.B. statistics not long after and re-check of the figures disclosed some error through duplication in the accounting of customs entries, especially at subports, which tended to make the favorable balance bigger than it really was. Final statistics showed that the trade balance for 1959 was only \$20.4 million instead of \$46 million or over.

There has likewise been some confusion over the true picture of the rice industry. In his state-of-the-nation message to the Congress last year, the President also claimed: "... I beg to announce that the rice and corn surpluses of 1959 are bigger than the 1958 surpluses, an eloquent proof of the success of our program for self-sufficiency in food." As a result of this reported surplus, the President said early last year that he would recommended the enactment of measures to facilitate exportation of surplus rice^(c). He said the Naric had three million cavans of rice from the 1958 crop which it could not dispose except for a loss because the stock was purchased at the authorized support price of ₱10 a cavan.

Only a few months later the cabinet directed the Naric to look for other buyers for its stock of 165,000 bags of California pearl rice. This rice was understood to be part of the supplies imported several months ago for fear of a rice shortage^(d). At any rate, the question would be asked as to why there should be imported rice available at a time when there was a surplus in domestic production. At about the same time, the Naric informed the Office of Economic Coordination that the latest forecast on rice production for 1960 changed to a great extent the supply picture for rice. Naric Board Chairman Maximo Calalang told O.E.C. Administrator Juan Chioco that rice statistics released by the Office of Statistical Coordination and Standards showed that production fell short of estimated consumption requirements by 19,800 metric tons^(e).

The reporter who has to write daily on news-worthy economic development for the information of as many interested people as possible as well as for the guidance of businessmen who have a more vital and direct stake in such developments is urgently in need of reliable and up-to-date statistics on various important business indicators. His reputation depends as much on the accuracy of such statistics as a businessman's decision does on the reliability of day-to-day reports on business trends.

A reporter's error, however, may not fundamentally be his own. He gathers as a general rule statistics on national economic trends from government agencies. Thus, if he secures his figures on rice production or forecasts on rice production from the department of agriculture and natural resources, he may invariably have an optimistic report, such as a bumper crop or a surplus. But if he gets the Naric version of the rice situation, he may come across statistics that are just opposite what another government agency may have gathered; in other words, there is likely to be a deficit rather than a surplus.

What is the newspaper reader and the public to believe therefore? Just as important, what is the government to do: Export part of the year's production on the strength of a report from one of its instrumentalities that a surplus exists? Or import the cereal to augment local supplies and avoid a shortage?

The conflicting reports and the confusion obviously result from premature claim or statements by certain officials of the government as well as private individuals without properly or carefully checking their facts and figures with the official statistics of the agencies concerned with the coordination, integration and standardization of statistical reports on rice and corn. This job of coordinating, integrating and standardizing statistics is now being done, among others, through inter-agency committees like that on rice and corn production and consumption. This inter-agency committee has been

constituted since 1956 by the Office of Statistical Coordination and Standards (OSCAS), National Economic Council, precisely for the purpose of minimizing, if not eliminating entirely, the confusion. There exists today only one official set of statistics on rice and corn production and consumption.

The common excuse generally given by government offices concerned for the lack of up-to-date statistics on economic trends boils down to unavailability of funds to cover the cost of additional personnel and IBM machines to expedite the gathering and compilation of statistics. The money required to fill this gap is not likely to be very much and can be secured through a diversion of funds from less essential items to the more essential project of statistical gathering and compilation. There is no doubt that the Congress will vote modest additional money for the statistical agencies concerned once the importance of more up-to-date statistics to the task of laying down economic policies, drafting economic programs and making decisions is fully realized by both our legislators and policy-makers.

We cannot, however, depend entirely on government statistical agencies and offices for the gathering and compilation of other vital statistics affecting business and industry and required by businessmen to guide their day-to-day decisions and plans. There is need for the various trade organizations and associations that had been organized to promote and protect their mutual interests to maintain their own statistical services for the use by their own members and the particular business or industry concerned.

Why can't we have, for instance, the Philippine Chamber of Industries compile the statistics on manufacturing output, sales and earnings of manufacturing firms through the cooperation of their members? We may not be able to present complete data on manufacturing because not all the industrial plants in the Philippines are members of the industry chamber, but at least we can have a fairly correct barometer of manufacturing trends through the performance and operating results of member firms.

The Manila Railroad Company can furnish us probably monthly, if not weekly, carloadings reports. But cargo movements outside the railway line can only be furnished effectively and promptly by overland transportation companies through their association and shipping lines through their own organization. Retail sales reflect business trends probably more faithfully than the behavior of the stock market since they can gauge mass purchasing power more accurately than the turnover on the stock exchange. It is impossible, however, to gather statistics on retail sales on a weekly or a monthly basis without a representative organization of retailers. An association of major department stores in Manila and other big towns of the Philippines might be able to furnish the statistics on retail sales that could be relied upon to serve as an effective enough barometer of an important sector of economic trends.

Through the Manila Board of Realtors weekly statistics on real estate transactions in the Manila area are made available. Perhaps it will now be possible to obtain periodic statistics on total transactions throughout the Philippines through the facilities of the recently organized Philippine Board of Realtors. Monthly statistics on mineral production in the Philippines have also been readily available through the facilities of the different industry associations: Gold production, through the Philippine Gold Producers Association; base metal production, Base Metals Association of the Philippines; cement production, Cement Institute of the Philippines; textiles output, Textile Mills Association of the Philippines.

But how we can secure prompt and up-to-date statistics on the production of fish, livestock and other primary food items? It has been even difficult to get up-to-date statistics on rice and corn production. In time we can probably fill the statistical deficiency here through the organization of more trade associations in those lines of business and industry where such associations are essential in the promotion of mutual interests among the businessmen engaged in the same lines of enterprise.

But the problem of how to gather accurate and up-to-date statistics affecting the national economy, which have to be secured largely through government agencies and offices, is likely to last longer. And yet it is essential that government statistical agencies engaged in gathering and compiling basic data on the national economy be strengthened and improved since their services are as important to guiding businessmen's plans and decisions as they are to formulating basic government policies and actions affecting national economic plan-out and implementation of any program or projects the government will map out and adopt.

Business reporting in the Philippines, like many other lines of business and services developed after the war, is still in its infancy. The art of reporting, analyzing, interpreting and forecasting business trends on the basis of available statistics still remains to be fully developed. A business reporter's proficiency, however, will depend to a large extent on the accuracy, reliability and promptness of the statistics that he can gather from the various sources of trade and business information concerned. It is important therefore that we build our government as well as private statistical services to a position where they can furnish us the information and data so necessary to a fairly accurate reporting, interpreting and forecasting of business trends.

- (a) From foreign trade table prepared by the Central Bank and published in the banks annual report for 1960; also news item appearing in Manila Daily Bulletin Business Section on May 18, 1961.
- (b) President's State-of-the-Nation Message published in Manila newspapers January 26, 1960.
- (c) News Item in the Manila Daily Bulletin published January 19, 1960.
- (d) News item in the Bulletin on May 19, 1960.
- (e) Item in Bulletin Business Section on May 14, 1960.