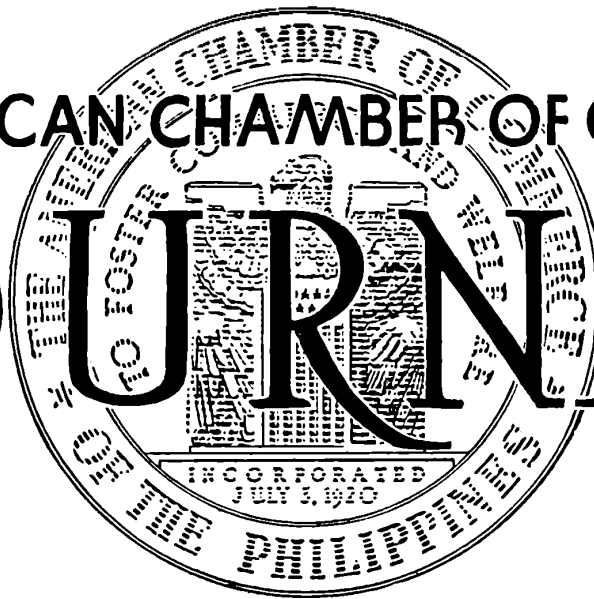


THE AMERICAN CHAMBER OF COMMERCE

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Editorials

“ . . . to promote the general welfare ”

The democratic world has reason to be well satisfied with the Manila Conference of 1954, the success of which comes as a ray of light in the gloom that has enwrapped us since the

The Manila Conference of 1954 recent Geneva Conference, at which Indo-China was lost, and the Brussels Conference, a little later, at which the European Defense Community was so badly hurt.

The calling of the Manila or SEATO (South East Asia Treaty Organization) Conference was a direct result of the Indo-China debacle and followed this almost immediately. Mutual security treaties, negotiated in 1951, already existed between the United States and the Philippines and between the United States and Australia and New Zealand, but a more inclusive agreement was necessary,—an understanding, by the way, which Philippine President Elpidio Quirino advocated as early as 1949.

Now this agreement, in the form of the South East Asia Collective Defense Treaty, signed on September 8, is in existence. It is true that only eight nations (Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom, and the United States), were represented at the Conference and signed the Treaty, but (Article VII) “any other State in a position to further the objectives of this Treaty and to contribute to the security of the area may, by unanimous agreement of the Parties, be invited to accede to this Treaty.” With, perhaps, the exception of India, all the more immediately important nations in the area are among the signatories.

The “treaty area” is also limited,—to (Article VIII) “the general area of South East Asia, including also the entire territories of the Asian Parties, and the general area of the Southwest Pacific not including the Pacific area north of 21 degrees 30 minutes north latitude.” The 21st parallel runs just north of the Bataan Islands, Philippines. However, (Article VIII) “the Parties may, by unanimous agreement, amend this article to include within the treaty area the territory of any State acceding to this Treaty in accordance with Article VII or otherwise to change the treaty area.”

Article IV is the heart of the Treaty, and although the exact wording, though hardly the real sense, was a matter of some argument by the Parties, it does not lack strength.

Throughout the Conference, it was the general unanimity of the Parties rather than the differences between them, which stood out. The differences mainly concerned procedure rather than aim and determination.

According to Article IV, Paragraph 1, “each Party recognizes that aggression by means of armed attack in the treaty area against any of the Parties or against any State or territory which the Parties by unanimous agreement may hereafter designate, would endanger its own peace and safety, and agrees that it will in that event act to meet the common danger in accordance with its constitutional processes. . .”

As for any type of threat “other than by armed attack” (Paragraph 2), or for “any fact or situation which might endanger the peace of the area”, “the Parties shall consult immediately in order to agree on the measures which should be taken for the common defense.”

Article V establishes a Council, on which each of the Parties will be represented, which will consider matters concerning the implementation of the Treaty. “The Council shall provide for consultation with regard to military and any other planning as the situation obtaining in the treaty area may from time to time require.”

The Philippines notably took the initiative in obtaining incorporation into the Treaty of a provision “reaffirming that, in accordance with the Charter of the United Nations, they [the Parties] uphold the principle of equal rights and self-determination of peoples, and declaring that they will earnestly strive by every peaceful means to promote self-government and to secure the independence of all countries whose peoples desire it and are able to undertake its responsibilities.”

The Philippines first proposed that this provision, powerfully championed by President Ramon Magsaysay himself, be incorporated into the Treaty as a separate article, but it was finally agreed to place it in the Preamble. However, to give this important declaration still greater emphasis and force, it was separately proclaimed in a document, signed simultaneously with the Treaty, which has been named the “Pacific Charter.”

The double reaffirmation of this most important principles,—in the Preamble of the Treaty and in the Charter, is not today a matter of supererogation. Everyone should un-

derstand that one of the main causes of the loss of French Indo-China to "Communist" China was the fact that the Red aggression was inextricably confused by the long-standing insurrectory movement there against the French "imperialism". This fact, and probably this fact alone, made it practically impossible for the United States to give France and the people of Indo-China the full aid they needed to save the country from being overrun by the tide of totalitarian enslavement.

The Philippines has played a worthy part not only as host to the Conference but in making a contribution of vital importance to what has been established.

Elsewhere in this issue of the *Journal* appears an article on various objections which have been raised against the Bell Act, with answers to these objections prepared by the Chamber's Committee on Trade Act Revision. The article makes it plain that many of the objections have but little validity.

The Bell Act, of course, is not a perfect piece of legislation and no doubt certain of its provisions could be modified to the mutual advantage of the Philippines and the United States. An attempt at such revision is soon to be made, mainly on Philippine insistence, for the belief is now quite general that many of the difficulties in which the Philippines has found itself are due to various restrictions and alleged inequalities contained in the Bell Act and the Trade Agreement based on it.

It is unfortunate, especially at this time, that so much encouragement has been given to this belief by influential men who are in a position to know better. While no one would deny that the Bell Trade Act could be improved, there is no justification for holding it responsible for all the economic ills which have beset the country since independence.

The negotiations for revision are much more likely to be successful if a less critical attitude is taken, especially as to the intent of the American Government in the enactment of the Bell Act. The charge, for instance, that this intent was "to perpetuate a colonial economy" in the Philippines, is obviously false. The intent plainly was to assist the Philippines and to wean it gradually from too great a dependence on the American market.

As this is what the Philippines itself wants, it should be possible to "get together" on that basis.

Adherence, further, to the principle of reciprocity and mutual benefit, would also promise success.

The whole idea of "objections" to the Bell Act should be dropped in favor of the idea of "desirable modifications."

It is an interesting coincidence that one of the two searching questions asked by former Minister (and former Executive Secretary) Emilio Abello, in an address before the Manila Rotary Club on August 5, was answered in an editorial then written, but not yet published, which appeared in last month's issue of this *Journal*.

Mr. Abello, who was speaking on the subject of the proposed revision of the present Philippine-American trade relations on the basis of the Bell Act, stated that an obstacle in seeking this revision, is "the prevailing belief among American trade experts that the present set-up as provided for in the Bell Act is for the best interests of the Philippines". He said that there are "at least two important questions which Americans would ask". These are, according to him:

"1. Whether there is anything in the present Trade Act that would prevent the Philippines from opening new markets.

"2. Whether the Philippines, in working for continued preferences, would not be abandoning its previous goal of seeking economic independence from the United States through gradual diminution of trade preferences as provided for in the Bell Act."

The first question was answered in the *Journal* editorial referred to, which was entitled "The Philippine-American Trade Agreement—and the Development of New Markets".

The editorial began with the paragraph:

"There is a current misconception, — so obviously wrong that one hesitates to set about seriously to correct it, yet so general that correction seems necessary: the misconception that the Philippine-American Trade Agreement, concluded under the terms of the Bell Trade Act, prohibits or impedes trade with other countries than the United States and that, consequently, the Agreement must be revised, or even abrogated, before the Philippines will be free to seek, or will be able to develop, other markets".

The editorial refuted this misconception and, pointing out that the Philippines has in fact for years traded with other countries than the United States; that there is nothing compulsory about the trade with the United States; that the trade with the United States exists only because the Philippines gets the best prices for its product there and the lowest prices for what it has to import; and that the Philippines is entirely free to increase its trade with other countries and to adopt any tariff legislation it pleases with respect to the products imported from these countries. It concluded with the statement:

"It should be clear that the matter of developing new markets for Philippine products has little to do with any possible amendments to the Bell Trade Act or with revision of the Philippine-American Trade Agreement".

The editorial further stated that—

"It would be the height of folly to give up the tremendous advantages enjoyed by the Philippines in the great American market when other possible major markets must still be explored and, if and when found, developed".

That, we believe, may be taken as a fairly complete answer to Mr. Abello's first question. As to his second question, we should like to advance the following:

The Philippines, in working for "continued" preferences,—that is, preferences to be continued indefinitely, *would be* "abandoning its previous goal of seeking economic independence from the United States through gradual diminution of trade preferences as provided for in the Bell Act".

In entering into the present Trade Agreement with the United States, the Philippines accepted the gradual diminution and final ending of special trade preferences as a goal to be reached in 1974.

However, in seeking certain improvements in the terms of the Agreement which would not affect the principle of the gradual diminution and final ending of the special preferences, the Philippines would *not* be abandoning this goal.

And as for maintaining the preferences at present enjoyed for as long a period as the Bell Act allows, or as may otherwise be possible, that is only the course of reason, and false ideas as to "economic independence" should not be permitted to obstruct this wise course.

A few words may be interposed here on the subject of "economic independence". All nations are more or less dependent on each other for the products they must import. Complete economic "independence" or self-sufficiency,—autarky, is neither possible, nor would it be desirable. But with that understood, dependence on special preferences granted by a foreign government, is not desirable, although, as in the case of the Philippines, such preferences may temporarily be as desirable as they are necessary.

The Philippine-American Trade Agreement, concluded under the terms of the Bell Trade Act, provides both for such preferences and for their gradual diminution and ending, and what other solution is there, in principle, to the problem of how an extreme Philippine dependence on special preferences in the American market is to be ultimately ended? Clearly, there is no other solution.

Nevertheless, it may well be possible by securing certain postponements or certain changes in the gradua-