

ception of? While some of our farmed areas are being utterly exhausted by years of cropping, always the same crop, producing harvests hardly worth the reaping, vast territories are still idle wilderness, spoiling for the will and labor and the implements of pioneers. With great wealth hidden in our lands and forests and mountains and seas, millions of our people hardly get enough to eat, and thousands are unemployed and hundreds of thousands only half-employed.

But some of our so-called leaders argue passionately, but emptily, about who is to be allowed to do anything. Ranting about the protection of the patrimony, it is being wasted and lost. The living generation can have but little hope for a better future unless capital is enlisted and work is undertaken, no matter by whom.

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According to a recent Associated Press dispatch from Washington, the chances that President Truman will ask Congress to provide additional funds to the Philippine War Damage Commission to be used for larger payments for private and public war claims, appear to be slight, although it was emphasized, too, that the President still has the matter under consideration.

We hope that the President and members of Congress will realize that the War Damage Commission has been able to pay only approximately 30% of damage payments approved, and that the amounts approved are themselves admittedly way below present replacement costs, valuations being calculated on pre-war costs *less depreciation*, there being, furthermore, broad classifications of losses which, under the law, *may not be paid for at all*. The result has been that many claimants have received damage-payments so small in proportion to their losses that it has been impossible for them to re-establish their war-destroyed enterprises.

The foregoing is true only on the medium and large-scale enterprises,—small losses (under ₱1000) have been or are, under the law, being paid in full, but these are just the type of payments which, though important enough to the individuals receiving them, do not figure greatly in the rehabilitation of Philippine industry.

We have been informed that if another ₱100,000,000 or so were made available, the 30% payments to the larger losers could be increased to around 75%, and this would make a more than proportionately great difference to the industries and enterprises affected.

We hope that this will be understood in Washington.

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The memorandum on Philippine investment problems, submitted to President Quirino at his request by an American Chamber of Commerce committee and published in substance elsewhere in this issue

**Excessive Taxation by Local Government** of the Journal, made no direct reference to the increased taxing powers of the Manila City Government under the new Charter, and we are pleased, therefore, to publish the following suggestive statement on the subject received from a member of the Chamber:

One of the drawbacks to both foreign and domestic investments in economic development projects is the fear of excessive taxation by local governments. Even with the limited taxing power vested in municipalities, they still have the power to make or break a business enterprise. The recent amplification of the taxing power of the City of Manila highlights the fear felt in some investment circles.

We do not assume that a local government will abuse its taxing power. We have too much faith in the principle of local autonomy to entertain such an assumption. Yet Philippine history records some examples of the killing of the goose that laid the golden egg.

Dependent as local governments are on hand-outs from the central government, there is steady pressure to raise more taxes. Once a large enterprise has already made a heavy capital investment, has given employment to hundreds or thousands of local citizens, and seems to be prospering, it becomes a tempting target for local revenue-raising ordinances. The local officials are quite aware of the fact that a fixed plant cannot afford to move to a more tax-favored locality, so little by little the impositions tend to grow. Inspection fees, license fees, and municipal taxes are all resorted to, to help the local government balance its budget.

To the American investor, particularly, this attitude is disconcerting, because it is so different from what he has experienced. The dispersion of industry to small communities in the United States during the past century has been largely the result of inducements offered by the local communities. Local officials join with civic and business leaders to "lure" industries to their town. Generally a free site is offered. Tax guarantees are made and observed. As a result, employment increases, retail trade expands, land values increase, and every element of the community enjoys greater prosperity. Hence, too, the revenues of the town from all sources increase, without the need to bleed the enterprise which has brought this increased prosperity and tax revenue.

Perhaps if local governments were granted authority to make "tax treaties" with industries they wish established in their midst, there would be greater incentive to private investment in industry, and with it a healthier geographical distribution of industrial employment.

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Welcome to many Americans in Manila who were interned by the Japanese during the war, was the announcement that on July 29,

**Appointment of the War Claims Commission**

President Truman had nominated the members of the War Claims Commission authorized by the War Claims Act, approved July 3, 1948,—more than a year before.

The persons nominated are: Daniel J. Cleary, of Illinois; Mrs. Georgia L. Lusk, of New Mexico; and David N. Lewis, of New York. Both men are lawyers and Air Force veterans. Mrs. Lusk, a former Congresswoman, lost a son in the war.

Rumors which circulated in the Santo Tomas Camp were that President Roosevelt had been heard to promise over the radio that internees would be given a per diem of \$10, payable immediately after liberation, but in addition to the fact that the aid is being so long delayed, is the fact that the "detention