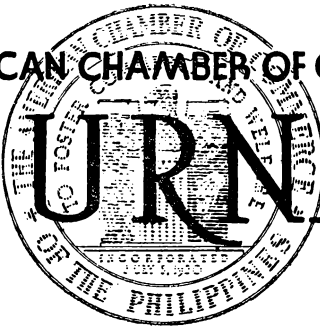


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Editorials

"... to promote the general welfare"

It would be well if it were more generally understood that a good part of the vehemence behind the "nationalism" being displayed here with respect to business enterprise, has its origin in the discouragement which many (of course, fortunately not all) of the new, post-war Filipino business ventures are experiencing.

Elimination of Sub-marginal Business Ventures

The economic collapse concomitant with the Japanese occupation, apart from the deliberate cruelties of the enemy, resulted in general unemployment and widespread misery, and forced thousands of men and women, who, before the outbreak of the war, were regularly employed in offices, stores, warehouses, and factories, to turn to the so-called "buy-and-sell" business. Most of this was a mere peddling of home-made, or of stolen or looted second-hand goods. Manila was a veritable emporium, and the enormous stocks of new and old goods brought to light, were a surprise to everybody. The "buying-and-selling" went on almost to the last. All sorts of merchandise found a market during those years when anything at all still usable commanded a premium. This business was the last desperate resort of thousands of people in their effort to keep body and soul together. But in a sense, they became "merchants" and had moved up a notch in the economic hierarchy*.

Many of them, following the liberation, having lost their adaptation to steady work under some chief clerk or foreman, elected to launch out for themselves in the world of opportunity which seemed to be opening to them with the restoration of peace. Many of them, as well as others belonging to the better educated class, made friends with the men and officers of the American Army, and these Americans, grateful for the hospitality and friendliness shown them, in many cases encouraged such business aspirations and helped by lending money or sending back goods in considerable variety when they returned to the United States.

*No reference is made here to the large-scale "buying-and-selling" of war supplies for the enemy, a business which created a number of new millionaires.

Everywhere in the ruins along Manila's wrecked streets, there sprang up little stores and offices, built of salvaged lumber and galvanized iron sheets, where a great miscellany of goods was displayed for sale, many of these goods expensive,—steel office-furniture, typewriters, radios, electric appliances, etc. These places were often very well kept, with neat signs, polished show-cases, attractive displays. One could see the pride the owners took in their new business. It was all very pathetic for their inevitable fate was easily foreseen.

There were,—are, far too many of these little places of business, crowded side by side, offering the same kinds of goods, now shopworn. Though many are outside the shopping centers, the owners pay high ground-rent, their capital is inadequate, their sources of supply are irregular, their customers, if any, are casual; their experience is limited, their sales are few, their profits are nil.**

Meanwhile, of course, the pre-war business establishments, big importing firms and department stores, both Filipino and alien, have rehabilitated themselves. They are adequately capitalized and have the advantage of large and experienced staffs; they had only to renew their former connections with manufacturers abroad and to reestablish their distribution and selling organizations. Between these old firms and much of the new, post-war business enterprise, fortuitous and haphazard as it was, there was not even any real competition. It was but a brief materialization of hopes and dreams which appeared only to vanish again, leaving behind a cloud of frustration and bitterness.

Cruel as this process undoubtedly is, it is as impersonal as it is inexorable and inevitable. While economic laws are not iron laws,—as sometimes they are said to be, they are scientific generalizations as to the actual processes through which humanity satisfies its material wants. As such these laws can not be ignored or defied. There

**While, in this editorial, emphasis is given to the small unsuccessful, post-liberation Filipino enterprise, it should be understood that many similar ventures by alien newcomers here, most of them former members of the United States armed forces who remained behind to go into business for themselves or in partnership with Filipino friends, have also been largely unsuccessful. Economic law does not discriminate between persons and nationalities.

is very little, if anything, that governments or business or philanthropic organizations can do to alter or to soften them.

The middlemen,—which function between the producers and manufacturers and the ultimate consumers, play a necessary and important part in economic life, but when, from any cause, there have come to be too many of them, the superfluous are eliminated. The less efficient are the first to go. In economics there is no room for the uneconomic.

In addition to the type of post-war, sub-marginal businesses which we have described, there is also that class of merchants, called "vendors" in Manila, who sell their wares in the streets, generally displaying them on rude benches and booths set up on the edges of the sidewalks. It is said that Manila at present has over 8,000 of them; 3,000 in the Quiapo District alone. Their chief stock-in-trade consists of "notions" which they obtain from jobbers and have to sell at prices practically equal to "store-prices". Their profits are pitifully small. In some parts of the city they are forced to pay an exorbitant weekly "rent" for the ramshackle booths they occupy. It is said, in fact, that the "big business" in the vendor business is the renting of these booths, and that the owners are the ones most vocal in the protests against clearing the streets. No merchandising system could be more uneconomic, but, for a time, it must have filled some special need under the conditions brought about by the general physical destruction, wide-spread unemployment, and the depressed standards of living of both the vendors and their customers.

For three years these people have cluttered up the sidewalks and streets, and the obstruction both to pedestrian and vehicular traffic has become such a public nuisance that the city authorities have at long last been compelled to take action. The Quiapo District is being cleared at this writing, and the clearing of other sections of the city is to follow. The Mayor of Manila is to be commended for his humanitarianism in assigning a number of special city-owned public markets where those who wish and are able to do so may rent booths at a reasonable charge. This is only a palliative, however, and in the end, no doubt, this class of merchant will be eliminated altogether.

As conditions return to normal in Manila and the Philippines generally, we must be prepared for the elimination of all such forms of post-war business enterprise, of all such agencies and agents of uneconomic distribution. We should understand that this represents an aspect of the operation of economic law and that it is not an intentional and heartless driving of the weak to the wall. We should understand that the process is to the advantage of the ultimate consumers and to the general economic and social benefit,—ultimately for the good of even those who have failed in realizing their ambitions.

Their experience, even of failure, should give them a better understanding of business and should enable them to begin again. Those who fail as importers and inden-

tors could undertake more modest enterprises, in Manila or in the provinces, better suited to their resources and capacities, or they could find places in business in subordinate positions. A steady job at a good wage or salary or at a fair commission, is certainly to be preferred over the ownership and management of a failing business.

As for the Government and those business and trade organizations which have made this problem their concern, it would be far wiser for them to follow a policy of encouraging successful industrial and business enterprise, both foreign and Filipino, than a policy aimed at temporarily bolstering uneconomic and failing ventures, for that is a hopeless thing. There is no future in that except more failure. The encouragement, on the other hand, of successful business, makes for increased general prosperity which benefits owners and wage-earners both.

Word has been received from Mr. E. Stanton Turner, now in New York, that the International Committee of Young Men's Christian Associations has appropriated a total of \$416,000 (P832,000) for three Y.M.C.A. projects in the Philippines, Gifts to the —\$171,000 for the Manila City Branch Building, \$125,000 for the International Branch Building (formerly the American-European Y.M.C.A.), and \$125,000 for the Iloilo Building.

Over twenty-five Y.M.C.A. National Movements, most of them European, had requests before the Committee on Appropriations and Priorities, and a total of \$920,000 was available. The Philippines received some 45% or nearly half of this amount.

The Philippines was thus favored because the International Committee is giving priority to reconstruction, rather than new projects, because the destruction here was in part the work of the American armed forces, and because large gifts had also been made locally by business firms.

It was revealed that the International Committee will endeavor to raise additional funds to bring the total appropriation to \$970,000, but this will only be done if local funds are raised to provide for equipment and operating expenses.

Donations toward a number of other local Y.M.C.A. projects were withheld, in part because no funds had been raised for them locally. This is a wise rule, for strong local effort in such matters is evidence of genuine interest and serious intention. Outside help then becomes a matter of cooperation and money grants are not mere hand-outs.

In these Y.M.C.A. grants we see once again how the Philippines is favored in America above all other nations. We may well hope that nothing will ever be done here that might effect this goodwill.

"FOR a hundred years, students of Marxism have parroted the libel that the capitalistic system is driven to war by its very nature in its hunger for markets and profits. The truth is that modern warfare has developed so that no economic system is more conducive to peace than one based on private initiative, where a multitude of individuals pursue their happiness and profit, independent of the state."—Bernard M. Baruch.