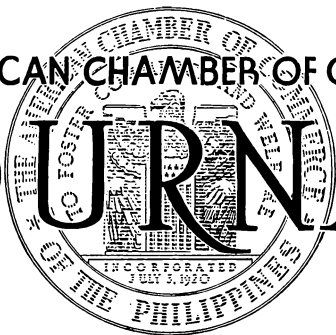


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

It can not be questioned that President Quirino has the "right answers",—the right answers to our economic and financial problems. Despite

President Quirino's State-of-the-Nation Address the rose-tinted glasses which, bless him, he still wears, he sees clearly, as he said in his important State-of-the-Nation Address, delivered from his hospital room in Baltimore, that—

"Our most serious concern for the next four years should be:
"1. Immediate increased production through rapid rehabilitation and development;

"2. Decreased public and external expenditures;
"3. Government reorganization to achieve efficiency, economy, and effective rendition of public service responsive to the needs and welfare of our people;

"4. Vigorous and honest enforcement of the tax laws;
"5. Preservation of our national integrity and continued friendly relations with our neighbors and the entire world."

These answers may appear obvious, but their very obviousness attests to their fundamental importance. The obvious is often too easily overlooked or disregarded in favor of something more recondite. And, obvious or not, these answers might easily not have been brought out with the great emphasis which the President rightly gave them.

The President not only has the right answers, but he put them in what seems to us to be the right order of priority, though No. 5, in a somewhat different class from the rest, is of the highest importance in its class.

We have called these points "answers", but actually there are, as the President said, matters of the most serious concern; they are aims, calling for certain measures.

The Government may have the right aims, but the measures necessary to achieve them, though adopted, may not be faithfully carried out, or the measures adopted may be inadequate or faulty.

The people may fail to understand or to support him, or groups in the population may refuse to cooperate.

The President realizes all that. He realizes that he can not solve the country's problems with a speech. He realizes that a united effort must be made and sustained, and said so at the end of his address:

"Let us exert every effort and employ every ounce of our energy to implement these high objectives. Let us pool our enthusiasm, the

labors, and the patriotism of a united people and honestly pull together for the promotion of the common good, to make secure, for all time, our national structure."

It is a good thing to have first things put first; to have clear and definite aims; to issue a call for effort and to rally support.

Now let us trust that not only the proper new measures will be formulated and carried out, but that some of the earlier errors that have been made will be corrected, for otherwise these will continue to handicap us fatally.

The *Journal* extends its best wishes to the people and Government of the Republic of India which was officially inaugurated on January 26 with the

India and Nationalism induction into office of President Rajendra Prasad, who, like Prime Minister Nehru, was one of the group of men close to the late Mahatma Gandhi.

India has now become a fully independent "sovereign democratic republic", but it voluntarily, and wisely, remains, politically and economically, a member of the British Commonwealth of Nations.

The American people both through the spread of the ideals which inspire them and the policies which the American Government has long followed, have played no small part in the rise of such nations as India and Indonesia, as well as the Philippines, and view such events as those at Batavia recently, and lately at New Delhi, as at Manila some years ago, with deep satisfaction.

That it is to be anticipated that the new governments which have for some years been coming into power in Asia and elsewhere will encounter great difficulties and that they will make mistakes, some perhaps of a very serious nature, can not affect the basic American attitude as to the rightness of national independence, at least until the time that mankind will develop a democratic government which will embrace the whole world.

The American Secretary of State, Dean Acheson, in the important address he delivered at the National Press Club in Washington some weeks ago, correctly analyzed, we believe, the present trends in Asia and the view of the

American people with respect to them, when he said the following:

"There is in this vast area what we might call a developing Asian consciousness, and a developing pattern, and this, I think, is based upon two factors which are pretty nearly common to the entire experience of all these Asian people.

"One of these factors is a revulsion against the acceptance of misery and poverty as the normal condition of life. Throughout all this vast area, you have that fundamental revolutionary aspect in mind and belief.

"The other common aspect that they have is the revulsion against foreign domination; whether that foreign domination takes the form of colonialism or whether it takes the form of imperialism, they are through with it. They have had enough of it already and want no more.

"These two basic ideas which are held so broadly and commonly in Asia tend to fuse in the minds of many Asian peoples and many of them tend to believe that if you could get rid of foreign domination, if you could gain independence, then the relief of poverty and misery would follow almost in course. It is easy to point out that that is not true, and, of course, they are discovering it is not true. But underneath that belief, there was a very profound understanding of a basic truth and it is the basic truth which underlies all our democratic belief and all our democratic concept. That truth is that just as no man and no government is wise enough or disinterested enough to direct the thinking and action of another individual, so no nation and no people are wise enough and disinterested enough very long to assume the responsibility for another people or to control another people's opportunities.

"That great truth they have sensed and on that great truth they are acting. They say and they believe that from now on they are on their own. They will make their own decisions. They will attempt to better their own lot. And on occasion, they will make their own mistakes. But it will be their own mistakes and they are not going to have their mistakes dictated to them by anybody else.

"The symbol of these concepts has become nationalism. National independence has become the symbol both of freedom from foreign domination and freedom from the tyranny of poverty and misery. . . . Resignation is no longer the typical emotion of Asia. It has given way to hope, to a sense of effort, and, in many cases, to a real sense of anger. . . ."

Though at times, we, in this *Journal*, have pointed out that certain "nationalistic" legislative and executive measures adopted here were injurious to the best interests of the country, we have never impugned that spirit of nationalism which Secretary Acheson spoke of. We believe that to be a constructive force which is working for progress, though we hope that in the development of this spirit of nationalism, the spirit of a broad and humane spirit of internationalism will develop along with it. The two are not contradictory, just as democracy does not contradict, and is in fact based upon, individual freedom. It will take nations which are strong and free to build a world government. But in building nations strong and free, all narrowness of spirit, and all narrowness of policy, must be eschewed.

In connection with President Quirino's call for the exertion of "every effort" and the employment of "every ounce of energy" to achieve the objectives "The Energy, which he set in his State-of-the-Nation the Effort Address, and to "make secure for all time our national structure", we wish to urge the importance of utilizing the full energy and efforts of that not inconsiderable part of the population which is not Filipino by nationality but which makes the Philippines its home.

Though it is incorrect to say, as is often said, that the aliens in the country "control" the Philippine economy, it is true that for historical and other reasons they hold an important position, especially in industry, commerce, and finance.

This position which the aliens hold and the interest they naturally have in the country's success and prosperity, should be utilized to the full by the Government. Anything which impairs that position or that reduces that true interest damages not only the aliens, but the whole country. Their "labor", too, should be wanted and prized by the Government. Their "enthusiasm" should in no wise be dulled. Their "patriotism", as the word is generally understood, could not be asked for, but most aliens who live for any time in any country come to identify them-

selves with it and to entertain a feeling toward it which is closely akin to love of country.

As stated in this *Journal* many months ago, in what was largely a paraphrase of certain passages in a book by the noted political scientist Charles E. Merriam:

"A wise government utilizes all the resources, energies, and interests of the country for the purposes of the nation. A wise government will in every way promote unity—association, cooperation, assimilation; not deeper separation. A wise government builds up, all through the nation, a sense of security, satisfaction, contentment, hope. That is what makes for civic morale, public spirit, loyalty. A wise government never fosters, directly or indirectly, envies, prejudices, hostilities. . . . We are all members of one another; what happens to one, happens to all. We pay for each other's errors and crimes, even for many generations. We can not disenfranchise, or dispossess, or oppress, or abuse one part of the population without all of us being the sufferers."

The line, therefore, which the Philippine Government is in many of its actions continually drawing and deepening between the Filipinos and other important elements in population, is not only discouraging and disturbing to the aliens, but is to be greatly regretted from the point of view of the country's true national interests.

This line is frequently insisted upon in the public statements of some of our officials and is actually laid down in the provisions of many of the new laws and ordinances of the Government.

Not the most damaging, but the most particularly emphasized, are the requirements of the Bureau of Immigration, and these are all the worse because of their annual recurrence, serving more than anything else to impress upon the aliens, even those of long residence here, that they are still outsiders, that they are not really accepted, that they remain here on sufferance only, though the writer feels that this is not the true attitude of the Filipino people.

This year, again, aliens had not only to renew (1) their "Residence certificate", cost ₱0.50, which all adults in the country, regardless of nationality, are supposed to obtain each year; but also (2) their "Alien residence certificate", which is originally issued to aliens when they enter the country and costs Americans ₱10.00, paid once, and ₱5.00 each year for renewal, and other aliens ₱50.00, paid once, and ₱5.00 each year for renewal; and (3) the "Immigration Certificate of Residence", newly devised, which every alien is required to obtain at a price of ₱50.00. However, certificates Nos. 2 and 3 must be obtained for every member of a family,—husband, wife, children, even babies. In addition there is the ₱16 "head tax" which every alien is required to pay when he enters or re-enters the country, for himself, wife, and children over 16 years old.

On the occasion, last month, when this writer, together with many other aliens in a long line was obtaining the renewal of his certificates, he felt himself wishing that President Quirino, or some of the other high policy-making officials of the Government were present to observe the scene and to overhear some of the comment made.

The ordinary 50-centavo residence-certificate requirement is one of long standing and, being applied to all, irrespective of nationality, is wholly unobjectionable.

Some sort of certificate for immigrants and people who come here to live is also unobjectionable and may be considered convenient, even necessary, for purposes of identification and record. But one certificate should cover a man and his wife and children, at least of children under age, and no more than a reasonable fee should be charged for it, and the same fee for all. To require two practically identical certificates, carrying the same pictures, the same finger-prints, and the same data, and to require them for every member of a family, running the total cost up to several hundred pesos in the case of many families, is a wholly unwarranted imposition, and everybody felt this and many said so.

Were some of our higher officials to see for themselves how such measures are and must be carried out by the functional personnel, and how they are taken by those who are the victims of them, they would quickly see how seriously the dignity of the Government is impaired by them and how seriously they affect the attitude of these people to the Government and even to the country and people the Government represents.

In rallying the nation and calling for the employment of every ounce of energy and the exertion of every effort, let us bear in mind another one of Merriam's statements:

"The skills of government when successfully used produce what we call morale — meaning good morale, good feeling, a sense of satisfaction with the ends of the community and with the ways and means of achieving these ends, in so far as this is within the purview of the political. In ordinary times, all this is taken for granted, but, when the skills fail, the road becomes rougher and rougher..."

While we have had no opportunity to study its terms in detail, we consider that the contract recently concluded between the Government and Mr. J. H. Marsman for the development of a large-scale abaca project on the public lands reservation of the National Abaca and Other Fibers Corporation (a government company) in Davao, is a most significant and promising development in the relations between the Government and private enterprise.

The project involves the utilization of a maximum of 7,500 hectares of land for a period of 15 years, but the agreement does not constitute a lease, as the present land laws do not permit the lease of such a large tract; it is, instead, an operating agreement "for and under the administration and control of the NAFCO". Whether the terms which are summarized, as announced by Malacañan, elsewhere in this issue of the *Journal*, will prove practicable in all points, is a matter as to which we shall not hazard an opinion, but the venture is in line with the large-scale agricultural development which this *Journal* has been advocating.

One point which might appear to make the contract less significant than it would otherwise be, is the fact that Mr. Marsman, a Hollander by birth, is a naturalized Philippine citizen, but under the "Parity agreement", which provides for equal rights between Americans and Filipinos in the development of the natural resources and the public utilities of the country, the same opportunity given Mr. Marsman would presumably be open to Americans, and similar agreements might be worked out by them with the Government if the terms were found to be mutually acceptable.

In reply to that part of the address of the Governor of the Central Bank before the Rotary Club last month,* in which he referred to the attitude of the Reply to American Chamber of Commerce and of this *Journal* to the present government controls Cuaderno over imports, credit, and exchange, we could do no better than to quote a paragraph taken from the Annual Report of the past President of the Chamber. Mr. Stevens said:

"I wish to make it clear that we can no longer question and do no longer question that certain controls have become necessary. At the present time we are only fighting to keep them down to a minimum and to have them well administered. We have continued, however, to call attention to the point of why these controls have become necessary. We believe that they would not have become necessary if the proper basic policies had been adopted and followed with respect to bringing in outside capital to develop our local production and our export trade more rapidly so that our imports and exports would naturally have come into better balance."

This, it seems to us, is clear enough.

*Printed in full elsewhere in this issue of the *Journal*.

With respect to Governor Cuaderno's statements concerning the alleged necessity of "government intervention in the economic life of the people", in which connection he referred to the "events of the last thirty years" and to the "social and economic planning of the United Kingdom and the 'New Deal'", he touches on a great controversy which continues to rage between government and business everywhere and upon which whole libraries of books have been written.

The writer will only say that while Adam Smith's "assumptions have been called into question", as Governor Cuaderno says, so have the theories of the late Lord Keynes, the one economist chiefly responsible for the present almost universal government interference in industry, trade, and finance, which is, to some extent, only a revival of the discredited old policies of the Mercantile System following the close of the Middle Ages. Keynes' ideas are not infrequently referred to as "Keynesian poison".

We can not possibly review all the arguments here, but an analogy may be useful. A national economy under the strict government control now conceived by many bureaucrats the world over may be compared to a body which is continuously being dosed with various glandular extracts. Physicians rightly use this therapy when the bodily balance has been disturbed, but a physician who would keep a patient under the influence of endocrinous drugs all the time would go to jail for malpractice.

It is easy enough to produce certain economic results, stimulative or depressive, by tampering with, especially, the financial system of a country at certain points, affecting credit, for instance, and this may at times be beneficial, but the benefit depends largely upon how little of it is done. It is only rarely that the economic system needs or can be benefited by economic doctoring.

Take the recent European currency devaluations, first hailed as skillful doctoring. Henry Hazlitt, writing in *Newsweek*, said recently:

"Even those responsible for the devaluation of some 30 currencies since September admit that the results have been disappointing. Devaluation was, in fact, the wrong remedy. What was called for was not continued exchange control with lower fiat rates, but the restoration of free exchanges. This is a necessary transitional step to eventual return to a full international gold standard. Gold means real stability based on freedom. Exchange control means a fictitious stability based on coercion. Exchange control subordinates the citizen to the bureaucrat. Free exchange rates subordinate the bureaucrat to the citizen."

The whole article is well worth reading.—*Newsweek*, January 9.

No one talks anymore about the old *laissez-faire*. The National Foreign Trade Council in one of its publications issued some months ago, drew some clear distinctions as follows:

"The American system of free, private, competitive enterprise is not pure *laissez-faire*, since it operates within a framework which combines enlightened self-discipline with a substantial measure of intelligent and purposive regulation by government. Legislation enacted by democratic process to promote the general welfare and to assure public order and safety, to eliminate unfair business practice, or to regulate public service enterprises which are natural monopolies—all these are fully consistent with this thesis; but while private enterprise readily adapts itself to an intelligent system of law and regulation designed to enhance the social purpose, stability, and security of the national economy, it can not willingly accede to arbitrary governmental intervention in the processes of production, investment, and trade. Such intervention is the antithesis of economic freedom and is in essential conflict with the fundamental tenets underlying the private enterprise system."

As for Governor Cuaderno's statement that the *Journal* is in some part "responsible for creating abroad an unfavorable climate" for foreign investment here, he might as well have said that a barometer is responsible for the weather.

All the "boosting" the *Journal* and the Chamber itself and all the chambers of commerce here together could conceivably do, and what all of us would so gladly do if we