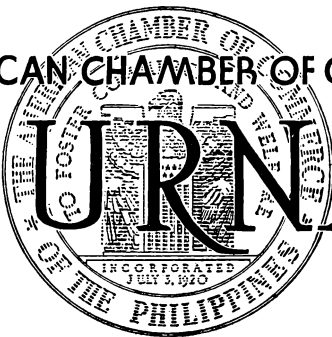


THE AMERICAN CHAMBER OF COMMERCE

JOURNAL



Editorials

"... to promote the general welfare"

It would be instructive and inspiring to read through a collection of the Thanksgiving Day proclamations issued in America, first by some of the early colonial governors and in later years by the Presidents of the United States and the Governors of the different States, beginning with that first proclamation of the wise Governor William Bradford in Plymouth Colony after the first harvest in 1621.

Taken together they would afford us a generalized and spiritualized and deeply solemn review of the vicissitudes through which the people of the United States have passed, covering periods of peace and war, of want and plenty, of ease and distress, of confidence and hesitation, of toil and strife and peril, and glorious vindication. And through all these documents we would discern that there runs, like a golden thread, that accent of faith,—faith in God, in destiny, in life, faith in man.

President Truman's Thanksgiving Day Proclamation

President Truman's proclamation of last month was one such as the head of no other nation could have issued. But only briefly he referred to the richness of the country's blessings, and then not only to its bountiful harvests and abundant production of goods, but to its undiminished spiritual endowments, and he immediately went on to say that these resources have permitted America to aid the needy and helpless of other lands.

He also declared that America was privileged to participate in international efforts to advance human welfare, and that it is profoundly grateful for the existence of an international forum (the United Nations) where differences among nations may be submitted to world opinion with a view to harmonious adjustment (not with a view to self-justification).

He prayed for wisdom in the nation's approach to the problems which confront it, coupling with the supplication the statement that it believes in the dignity of man and his right to guard himself and for other people.

That was for Stalin and Company.

In closing he called upon the American people to continue to render generous assistance to the hungry and homeless of other lands, "thus renewing our devotion to the cause of good-will among men."

That is the spirit of a people who today are burdened with a public debt which in 1946 reached a level equal to over \$7,000 for every family in the country, now reduced to \$6,303, but still about twice the whole annual income of a typical family. But they do not despair and do not tire of well-doing because they believe in God, in themselves, and in their fellow men.

It was rumored last month in business circles that President Quirino would issue an executive order on or about November 15, to become effective January 1 of next year, instituting the so-called luxury import control system which he is authorized to establish under Republic Act No. 830.

Import Control?

The fact that at this writing,—early December, such an order has not yet been issued, is giving rise to speculation and to a hope that the President may be hesitating as to the wisdom of the step and that he may finally decide against taking it at all.

Though so short a delay, if a delay it is, would by itself hardly justify this hope, there is otherwise plenty of reason to think that a chief executive who has the knowledge of economics which the President has, might hesitate to such a decision. And if, apart from the wisdom of the decision, technical grounds were considered, these could easily be found in the highly technical constitutionality of Act No. 830.

Liberty granted the President under the emergency, in any event, at the end of next year, although this period of what is now practically one year could of course be extended by Congress, there is no certainty that it would do so. The

country would probably tire very quickly of import control if it is not actually opposed to it already. There never was any public demand for the measure, and the artificial shortages and the further rises in prices to which it would lead, would certainly not be popular. The people's feeling in regard to this might make itself felt in the elections.

Even if we thought the best of import control, what would be the sense in setting up intricate and expensive bureaucratic machinery for the purpose of this control, for the sake of what little if any good that might come of it within the brief period of a year?

However, this Journal and the business community as a whole has held from the first that no good would come of such control and that, on the contrary, it would do the Philippines much harm. This is all the more true as the terms "luxury" and "non-essential" are not defined in the law and as it developed that the advisory Import Control Board included under these heads many articles which are not generally regarded as luxury or non-essential goods.

Our accepted system of economic enterprise is a dynamic and self-regulating system to which extensive government controls are unnatural and abnormal. Import controls are generally resorted to only in exceptional times, if then, as a physician resorts to glandular therapy when a dangerous imbalance exists in a patient. As Mr. Most said in his article in last month's Journal: "Import control is strong medicine and one taken only by a sick country".

There is no real lack of balance in our foreign trade and the fact that our visible imports have exceeded our exports since the war is entirely natural, even fortunate, as we have pointed out in past issues of the Journal. Equally natural and satisfactory is the fact that our exports have been rapidly increasing and our imports proportionately decreasing. A more even balance as between the visible imports and exports will come of itself in due time. An arbitrary reduction in certain imports is neither necessary nor would it be healthful. The Philippines is not a sick country, at least in this respect, but the import control medicine would make it sick.

The projected import control would be most unwise for various reasons which we have pointed out from time to time, but principally so because it is always dangerous to tamper with the great and powerful and beneficial economic laws of supply and demand which give our system of individual free enterprise its dynamic impulsion.

The whole of the economic energies of a country are normally devoted to increasing production and increasing domestic and foreign trade. It is from that that advancement and prosperity spring. How truly mad it is to seek to retard, check, and block this energy and impetus in any way instead of giving it every encouragement. Checking exports is like holding a man back from his work. Checking imports, even so-called luxuries and non-essentials (rarely really so), is like reducing a man's diet and taking away from him other things he needs for his work and living.

The whole "idea" of economic enterprise is more, more of every good thing; not less.

Dr. Frank Waring, Chairman of the War Damage Commission, recently returned from a visit to the

United States, delivered his remarks to the Advertising Club of the Philippines too late, unfortunately, for their publication in this issue of the Journal. We wish, therefore, to call our readers' attention to their publication in full in the Manila Daily Bulletin for December 7 and also to an editorial in the same issue, commenting on Dr. Waring's remarks, entitled "Fair Warning".

Among other things Dr. Waring said, was the following:

"While in the United States, I talked with officials of three large reputable and responsible American firms. Independently, these officials told me that their firms had considered the possibility of establishing sizeable branch plants in the Philippines with the intention of not only serving the domestic market, but also of utilizing Manila as a distributing center for the Far East. In each case these firms have decided against the proposal, and, although I argued to the best of my ability, pointing out the economic opportunities, they remained obdurate."

Earlier in his speech, Dr. Waring had said:

"In a previous talk referring to American investors, I said, 'these bankers and business men believed that, in addition to favorable opportunities, investors would require a favorable political climate in which the seeds that they sow could prosper and yield a mutually beneficial harvest'.

"And what is the political climate today? Upon my recent return from the United States I found public statements by three friends of mine which have caused me concern and given me food for thought. One spoke of the necessity of 'economic self-sufficiency'. Another referred in complimentary terms to the encouragement of 'economic protectionism'. A third stated that 'we are determined to wrest the bulk of our trade from alien hands'. And in the October issue of the journal of the Chamber of Commerce of the Philippines there appears an editorial and an extensive article urging the revival of the National Economic Protectionism Association...

"Economic protectionism has an unfortunate connotation to those who might consider investments abroad. It usually means uneconomic interference with the normal and profitable channels of trade..."

Dr. Waring stated that he concurs with the views on import control which the Advertising Club recently expressed in a letter to the Secretary of Commerce. "It would seem", he said—

"that it would be unnecessary to impose quota restraints upon imports if attention were given to the expansion of exports and the establishment of industries for domestic consumption which, if soundly conceived, would reduce the demand for imports. Should it nevertheless be deemed wise and expedient to reduce the volume of imports of luxury goods, this could be accomplished by the imposition of internal excise taxes. If this were done, imports would be decreased because of the higher costs and, to the extent that these luxury goods were sold, government revenues would be enhanced. Moreover, the advantages of free competition would still be maintained and the government would not be placed in the embarrassing position of attempting to determine what firms would be permitted to remain in business under a quota system. You may be interested to know that your views are shared by the members of the Philippine Committee of the San Francisco Chamber of Commerce before whom I spoke last month..."

As to Dr. Waring's speech, the Bulletin stated, in part:

"It was not a political speech. It contained no platitudes, no flowery and meaningless compliments, and was not intended to gain wide popular approval. But it would take a purposeful twisting of the presented facts and a deliberate misrepresentation of the speaker's attitude to interpret it as