

Rehabilitation, Democracy, Nationalism

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Madam President, Members of the Faculty, my Fellow Students:

TWO years ago the grateful people and Congress of the United States voted more than ₱1,000,000,000 as an expression of good will to the Philippine people and to aid in the economic rehabilitation of this country. On June 3 the United States Philippine War Damage Commission celebrated its second anniversary by processing and approving for payment 2,500 private property claims, and awarding to the Philippine Government ₱2,000,000 for the further rehabilitation of hospitals, schools, and other government property.

In those two years the Commission has recruited more than a hundred Americans and transported them to the Philippines to assist in its gigantic undertaking. It has also recruited more than seven hundred Filipinos as members of its staff. It has caused an adequate office building to be erected from surplus property, and has perfected its organization, policies, and procedures. It has trained its staff members in the duties and responsibilities assigned to them, and has received 1,258,000 private property claims, valued by the claimants at ₱2,425,000,000. These claims are all docketed, numbered, filed, and awaiting adjudication. I submit to you that in the last two years we have not been idle.

Under the terms of the Philippine Rehabilitation Act of 1946 the Commission has been given two distinct functions: (1) The adjudication and payment of private property claims arising from damages incurred as a result of the war, and (2) the making of awards to the Philippine Government for damages to public property, especially hospitals, schools, other public buildings, waterworks, and irrigation systems. For the payment of private property claims the Congress authorized the appropriation of ₱800,000,000, and for the restoration of private property and services, ₱240,000,000, of which the War Damage Commission has been allocated ₱114,000,000, for its work. I should like to report to you on the progress we have made thus far in these two activities.

[Mr. Waring's review of private claims and payments on such claims so far made is deleted here as the figures were published in the June issue of this *Journal*.]

Turning to a consideration of public property claims, the Commission has received from the Philippine Government 1,618 claims, valued by the Government at ₱380,000,000. These claims are for the rehabilitation of public buildings and other public property, but do not include roads, ports, and harbors, the restoration of which is under the direction of other agencies of the United States Government. Public claims before our Commission include ₱8,000,000 for hospitals, ₱75,000,000 for schools, ₱74,000,000 for other public buildings, and ₱223,500,000 for furniture and equipment. For this work, as I have said, the Commission has available only ₱114,000,000. Because of the inadequacy of the funds in relation to need, the Commission has adopted, in consultation, with your Government, an

allocation of its funds among the various types of public property. You will be glad to know, I am sure, that the most generous allocations have been made to hospitals and schools because, with the Philippine Government, the Commission believes that health and education are the primary requisites of a successful democratic government. The Commission has adopted a second policy in making these awards to the Philippine Government. It is awarding an amount sufficient completely to restore the damaged structure so that it may be a useful and usable unit in civic life.

Thus far, the Commission has approved 303 public property claims in the amount of ₱50,000,000, of which more than ₱24,000,000 has already been advanced, so that reconstruction can be initiated immediately. The Commission is now making awards to the Philippine Government at the approximate rate of ₱5,000,000 a month. Maintenance of this rate will enable the Commission to complete this part of its program well within the time limit fixed by the Congress which, in this case, is June 30, 1950. The members of the Commission have recently conferred with the President and other officials of the Philippine Government in order to assure that construction on these public projects will be undertaken promptly, and concluded with efficiency and dispatch. The Commission is grateful that President Quirino has expressed great interest in the work of the Commission and has promised the full cooperation of his administration.

But, my friends, helpful as these funds will be, and no one can deny that a billion pesos will not be helpful, they will not be enough. Private capital in large quantities will be necessary to complete the task. And, since there is not sufficient domestic capital, foreign capital must be sought and, if need be, even courted, to assist. On many previous occasions I have spoken both here and in the United States of the investment opportunities which exist today in the Philippines. I have also spoken of the advantages to be derived by the Philippines from the assistance that foreign capital can render, and I have told of the need of the Philippines for that capital. In two recent addresses I have emphasized that investment opportunities alone would be inadequate to secure foreign capital and that, if foreign capital is really desired, a hospitable political climate must be created to attract it. As citizens and future leaders of this nation and this community, the problem should be of major interest and concern to you.

Economic well-being is important. There are those who criticize Americans because they are alleged to over-emphasize material things. But Americans and Filipinos alike know that another goal transcends the mere accumulation of wealth, or the enjoyment of luxury, and that goal is the preservation of democratic free government. A democracy, if it is worthy of the name, protects inviolate the basic freedom of its citizens, freedom of speech, freedom of worship, freedom to labor in a chosen field, and

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freedom to reap the harvest of that labor. Democracy has been defined as form of government which guarantees to its citizens "individual liberty and equality of opportunity, to pursue happiness according to his ambitions and to achieve his ambitions according to his abilities."

The citizen, on his part, has the obligation and responsibility to protect these basic rights and to guard against their violation or abuse by either himself or others. You, students, because of the educational advantages you are deriving from this University, will be found among the leaders of your profession, your community, and your nation. I wonder if you realize how great your responsibility is. Democracy is now on trial throughout the world. And you received your independence only two short years ago. I tell you with all the earnestness at my command that the eyes of the world, and particularly the eyes of the Far East, rest today on the Philippines. If your experiment in democratic self-government succeeds, you will have strengthened the cause of democracy throughout the world. If you fail, that cause will suffer a staggering blow.

There are many types of unfaithful citizens, citizens who are unfaithful to the principles and precepts of democracy. The judge, who extends his authority to sanctify unconstitutional laws of which he personally approves or to nullify constitutional laws of which he disapproves, is one. Another is the legislator who seeks to extend his authority by artful evasions of constitutional limitations upon his power. Still another is the business monopolist who would employ his power for selfish gain at public expense. So is the labor leader who would be willing to sacrifice the public interest to advance the private interest of an organized minority. Democracy has no room for selfishness practiced to the detriment of public welfare.

Madam President, not only does a democracy have internal obligations to its citizens, but it has external obligations to the other peoples and nations of the world. A good citizen must be eternally vigilant to preserve his own basic freedoms, and he must guard with equal care the freedom of others, for, with the loss of their rights, he may lose his own.

Another type of selfishness to which I wish to make particular reference is the spirit of nationalism that appears to be rising in many countries, particularly in those with new-found independence. There is a difference between patriotism and nationalism. It is quite appropriate to feel a surge of pride at the sight of the flag and at the sound of the national anthem. I am proud to confess that I do, when I view my flag and hear the Star-Spangled Banner. But it is not wise to allow that feeling to expand into discriminatory legislation detrimental to foreign interests which, properly encouraged, will assist in the economic development of a country.

It is not true that the absence of foreign capital will open more opportunities for domestic capital. On the contrary, foreign capital, operating under nondiscriminatory safeguards for the public welfare, will create additional opportunities for domestic capital, and provide more employment for the people and more revenue for the government. In a land that has inadequate domestic capital to develop its own economic potentialities, foreign capital and domestic capital, operating together, can obviously do more for the country and its people than domestic capital operating alone. But this desirable objective cannot be achieved, if the spirit of nationalism is allowed to create conditions unattractive to foreign investors.

Let us stop for a moment to examine the symptoms of this disease called "nationalism." First of all, we are

apt to find restrictive trade policies. Moderate tariffs have a legitimate function in providing governmental revenue, but high protective tariffs promote inefficient industries at home and are paid for indirectly by the consumers through higher prices. Moderate taxes, provided they are not discriminatory, may also serve a legitimate purpose in adding to governmental revenues. There is little, if any, justification, however, for import quotas which usually operate severely to restrict trade, and often drive it from customary channels into the hands of a favored few. The consumers are forced to pay higher prices for the controlled commodities, and the profits go to those whom the government permits to continue in business. If governments, manufacturers, and growers would only devote to the development of exports the same ingenuity and attention they frequently display in their endeavors to control imports, trade could expand, because the increased exports would provide the foreign currency necessary to pay for the imports which the people desire. An expanding trade will augment wealth, stimulate investment, increase employment, and add to governmental revenues. The restriction of imports will not.

Frequently, the spirit of nationalism is displayed by the introduction of exchange controls and various devices to affect adversely currency reserves. If foreign capital is to be attracted to a country, the currency must be stable and adequately secured. It must be surrounded by adequate safeguards to preserve confidence. In financial matters, particularly in questions of currency, confidence is a priceless asset which it is easy to lose and difficult to regain. Stability of currency, then, rests on confidence, and confidence rests on resources, sound trade policy, adequate reserves properly safeguarded, and, above all, trained men of integrity to manage them.

Another evidence of nationalism is the enactment of legislation which discriminates against foreign enterprises and investments. If foreign capital is to be attracted to a country, it must be guaranteed equality of opportunity. That does not mean special privilege for foreign capital; it means, instead, special privilege for no one, domestic or foreign. Foreign investors seek fair laws and regulations, impartially administered. This observation applies with equal force to legislation affecting trade, labor, taxation, industry, finance, and the professions.

Sometimes nationalism appears in the guise of government in business. Foreign capital is unlikely to enter a country if it realized that it must compete with government enterprises freed from taxation and other restrictions. In addition, a new nation that would attract foreign capital must see to it that its government enforces the sanctity of contracts and preserves the basic rights of private property.

Finally, I should like to place one more burden on your shoulders. I have already indicated some of the responsibilities which I believe you will have as citizens of this new republic. There is one other, the responsibility of a good citizen to be conversant with the current problems of his country, and to continue to be a student of them. Some of you may feel, when your college days are over, that your days of study are finished. You are wrong. To excel in your chosen profession, you must study and work unremittently; to be a good citizen, you must do the same. I trust that each of you will be on constant guard to preserve this free democracy which you have inherited, and safeguard it against the dangers of fascism, communism, nationalism, or any other *ism* that is contrary to the principles of freedom in which you and I believe. This country has great potentialities. It is offering you great opportunities. Preserve them, my friends; keep your land strong and free.