

and fundamental freedoms." They may point out that the Declaration itself says that the various rights are proclaimed as a "common standard of achievement," which they shall "strive" to reach, "keeping this Declaration constantly in mind."

But those who hold a decent respect for the Member Governments of the United Nations as well as for mankind, must believe that a Government which joins in the proclamation of any international declaration, does so in all sincerity, in this case especially a Government like that of the Philippines which itself played a notable part in the framing of the Declaration.

Those who so believe in the good faith of all these Member States of the United Nations can not conceive of any of them searching the text of what they have solemnly signed for loopholes of escape and evasion.

And if there are individuals in the Government here who would do such injury to the international

good name and the dignity of the Philippine Republic, then let them scan the text of the Declaration more carefully and consider the meaning of Article 30 which runs:

"Nothing in this Declaration may be interpreted as implying for any State, group, or person, any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein."

This final article in the Declaration appears to be intended especially for those States, groups, or persons who might seek to misinterpret and evade the commitments made by signing the Declaration.

Of course, this article is no more binding than any part or the whole of the Declaration or, it would seem, any international declaration so long as there is no true world government or any real enforcing authority.

But the conclusion stands: There is no "squatting" possible. And the question remains: Is the Philippine Government's signature good or not.

Recommendations re American Investment

Memorandum To President Quirino

By a Committee of the American Chamber of Commerce

UPON President Quirino's invitation, a group of members of the American Chamber of Commerce of the Philippines called upon him on the afternoon before he left Manila for his visit to the United States and had an hour's conference with him regarding the local business situation and Philippine-American business relations generally.

For the President's convenience, a memorandum was left with him which, previously prepared, had formed the basis of the discussion. Because this is of general interest as the considered statement of an able business group, the memorandum is reproduced here in substance, as follows:

IN appreciation of the opportunity given us to confer with His Excellency, the President, at his invitation, shortly before his departure for the United States on an official mission, and in confirmation of statements we made orally to him on this occasion, we have the honor to submit the present memorandum.

We expressed our support of the program of cooperation between the Philippine and American Governments and their respective business groups recently put forward by the National Foreign Trade Council (New York) which is briefly summarized as follows:

1. Elimination of double taxation through the restoration of the tax incentives to American business in the Philippines before independence by extending the effectivity of Section 251 of the U.S. Internal Revenue Code.

We stated that this would be one of the most practical steps the American Government could take toward encouraging further American investment here. We expressed the opinion that private capital would not be attracted to the Philippines so long as its Philippine income is taxed not only here but in the United States as well, which results in American corporations paying a 26% tax-premium over that paid by the

nationals of other countries with whom they are in competition and who also are extensive importers of American products.

2. Increased appropriations under the Philippine Rehabilitation Act for war damages to private and public property, and the extension of the 1950 expiry date of this Act to permit of further reconstruction under its terms.

3. Assistance to the Philippines in line with Point IV of President Truman's Inaugural Address.

4. Early conclusion of the Treaty of Friendship, Commerce, and Navigation now under negotiation between the two countries to establish *basic reciprocal rights*.

We stated that the conclusion of this Treaty would probably be the most effective, positive action which could immediately be taken.

5. Removal of the present obstacles within the Philippines to further private investment in industry and trade. These obstacles we particularized as follows:

A. — *Import Control*. Under this head we stated that we could not disapprove of Import Control as a means of balancing foreign exchange, but we pointed out that the rapid enlargement of the scope of the Control and the use being made of it for extraneous purposes is creating alarm among American businessmen and potential investors. The whole course of the Control appears to threaten more controls to come.

We stated that we feel very definitely that Import Control should be strictly limited to conserving the exchange position and that it should not be used as a means of discrimination against foreign businessmen nor as a means of forcing them to make such commitments as may be desired by the Government. In this connection we referred to the 20% quotas assigned to "new importers" and to the recent insistence of the Government that importers commit themselves to purchases of flour up to four years in advance. We pointed

out that Import Control, as it is now exercised, goes far beyond the announced purpose of conserving foreign exchange.

B.—*Government Competition: PRATRA.* We brought out the fact that equally discouraging is the direct competition in retail trade offered by the government trading company which is known as PRATRA. The arbitrary power granted PRATRA to commandeer and practically confiscate property or merchandise from private individuals and firms is such as to give hesitancy to any potential investor. Government-in-business stands opposed to everything which the American system of free enterprise represents.

C.—*Unequal Collection of Taxes.* We referred to the recommendation of the Joint Philippine-American Finance Commission in regard to the more uniform collection of taxes. We stated that although American business in the Philippines is not objecting to the tax-rates at present in effect, it is our opinion that the legal requirements with respect to keeping books of account and the actual payment of the different taxes levied on business operations are not generally applied in such a manner as to effect a uniform collection.

Though businessmen believe that the present tax-rates are high enough to support the increasing cost of government, they fear that the rates may be raised unless more effective methods of collection are adopted. They think that it may happen that those businesses which now comply strictly with the accountancy and tax laws may be asked to assume an even heavier tax-burden, while less honestly conducted business will continue able to avoid taxation and to retain the competitive advantage which they thus hold.

D.—*High Manila Port Terminal Charges: Export Control.* We pointed out that the cost of handling merchandise through the Manila Port Terminal is very high and prevents the use of Manila as a distribution point in the trade of the Far East. We called attention to the fact that the Government gets a large share of the proceeds of the charges. We stated that in view of the present conditions in China, Manila has an opportunity to assume the handling of much of the trade formerly conducted through various China coast ports. We urgently recommended that the whole question of cargo-handling costs here be carefully studied and that improved methods be adopted wherever possible, at reduced rates. We also recommended that export controls be removed insofar as possible and that a "free zone" be established in the Port in order to encourage the use of Manila as an entrepot.

E.—*Labor Difficulties.* We submitted that the present methods of settling labor disputes were very unsatisfactory. We pointed out that the Department of Labor and the Court of Industrial Relations are without real authority in enforcing their decisions in respect to the labor unions. We also stated that decisions of the Court in a number of instances have followed the expressed policy of making awards to labor on the basis of the ability of the employer to pay,—which is obviously both uneconomic and unfair. We pointed also to the difficulty currently experienced by contractors and others in connection with the termination of the employment of their workers when the work for which they were hired has been completed. We emphasized that satisfactory solutions to the

problems thus posed would be a very important factor in inducing foreign capital to enter the Philippines.

F.—*Threat of Discrimination Against Foreign Technical Men.* We referred to the disposition shown by the Congress of the Philippines to pass legislation which would restrict the freedom of possible investors in bringing here engineers and other technicians experienced in their various lines of activity and how this causes fear on the part of such interests that their investments could not be properly supervised.

G.—*Attacks on the Bell Act and "Parity".* We spoke, finally, of the frequent attacks made on the Philippine Trade Act of 1946 (the Bell Act) and on the so-called "Parity Provision", which lead possible investors to doubt the security of investment here. We stated that we felt that much might be done to allay such fears if the President and other officials would when occasion arises forthrightly point out the many advantages embodied in the present Philippine-American trade relationship. Unanswered charges that these relations were "forced" upon the Philippines and that they are designed to benefit American citizens at the expense of the Filipinos, have caused ill feeling toward the United States and has caused Americans to question the stability of political and economic thought in the Philippines.

We declared that we felt that the President, with the high-level conferences he would hold in the United States and with the extensive publicity which his visit there would doubtlessly receive, could give strong support to the various proposals and suggestions we had made and could do much to counteract the conviction being established in the United States that American capital and enterprise (the two must go together) are being discriminated against, as was indicated in recent articles in *Fortune* and the *Wall Street Journal*. We said that the statements made in these articles might possibly be refuted, but that the fact remains that worry and mistrust exist, and for cause.

Finally, we stated that we felt that mere friendly statements from both sides concerning American investment here could not fundamentally change the present situation, but that certain positive actions would have to be taken.

We ourselves pledged our full co-operation with the President in the effort he is engaged upon to improve present conditions and to strengthen the mutually advantageous bonds which still unite the two nations.

We ended by wishing His Excellency, the President, a safe voyage, a successful sojourn in America, and a happy return home.

"All Feasible Assistance" to the Philippines

Official White House Statement of August 11.

THE President of the Republic of the Philippines and the President of the United States of America have met at Washington and discussed at length problems of common interest to the two nations.

The spirit of these conversations has reflected the historic and unique relationship between the two countries.

As in the past, it was the aim of the United States that the Philippines should assume its rightful position as a free and self-reliant member of the world community, so today the United States looks forward to the preservation and strengthening of the

position the Republic of the Philippines has achieved in order that it may make its full contribution to that community.

It is recognized that the capacity of the Republic of the Philippines to live up to the high hopes which the events of the past three years have kindled must depend in part upon its economic situation.

The two Presidents have discussed measures for the reinforcement and development of Philippine economy in the terms of recommendations of the report of the Joint Philippine-American Finance Commission, issued in 1947, being convinced that the economic progress of the Philippines will be not only in