

uneconomic. There are other and better ways of encouraging industrialization than by tariff measures.

5. *Industrialization of the Philippines is essential to its economic well being.*

Further industrialization of the Philippines would be advantageous, but it should be recognized that certain basic raw materials are scarce and industrialization is therefore largely limited to industries fabricating goods for home consumption. It should be better understood, too, that while other Asian countries are under economic pressure for industrialization because of overpopulation, the great advantage of the Philippines lies in the fact that it is the only underpopulated country in the East and still has vast areas of unused land open to development. Economic prosperity for the Philippines lies in the direction rather of utilizing its natural agricultural resources than in attempting to establish industries competitive with other countries which must industrialize to survive.

6. *Concentration on the production of raw export materials (primarily agricultural and forest products) has impeded the production of processed goods for the home market.*

Concentration on the production of exports products has not impeded industrialization, and, on the contrary, has actually encouraged the local processing of a good part of these products,—such as refined sugar, coconut oil, cordage, and their further local elaboration. Lacking the more basic raw products as well as machinery, etc., the Philippines must in fact export to obtain the exchange needed for what industrialization is advantageous. Concentration on the production of exports is therefore essential to industrial development itself.

PARITY PROVISION

1. *Parity is repugnant to political independence and was forced upon the Philippines by making war damage payments contingent upon acceptance of the Bell Trade Act as the basis for the Trade Agreement.*

It is unfortunate, psychologically, that the Parity provision was linked with war damage payments, though only with respect to the larger payments; Parity, however, was practically necessary as the War Damage Act required the re-investment of these payments for the rehabilitation and reconstruction of the country. Parity has also had

the intended effect of encouraging much needed additional investment. Even if there had been no legal linkage, the Filipino people would undoubtedly have favored a free grant of the right for these reasons and in recognition of the special relations that exist between the American and Philippine peoples. Parity, it may further be noted, tends to provide some "reciprocity" for the great privileges generally enjoyed by Filipinos in the United States.

2. *This is the first instance in history where a nation has granted to the citizens of another rights equal to those enjoyed by its own citizens.*

It is not a fact that Americans enjoy all the rights of Philippine citizens even under "Parity". In practice, parity has meant only that American mining, lumber, and public utility firms could continue in business, and this has certainly not been disadvantageous to the Philippines. There is much legislation, enacted during the past few years, which disadvantageously affects the interests of Americans as well as other aliens, including the Flag Law.

Philippine citizens in the United States enjoy many privileges, and the history of the United States treatment of foreign capital and United States domestic law give assurance to all Philippine investments of fair treatment in the United States.

CURRENCY PROVISIONS

1. *The Agreement restricts the sovereign right of the Philippines to control its own currency, thus prohibiting the Philippines from taking such measures as may be necessary to protect its economy.*

The provisions referred to have not in practice restrained the Philippines from taking any measures which it has seen fit to take, such as establishing exchange control and imposing an exchange tax even though an exchange tax of 17% is in violation of the International Monetary Fund regulations. On the other hand, the relationship maintained between the peso and the dollar has had a very advantageous effect in stabilizing the value of the peso.

CONCLUSION

It will appear that the various objections raised against the Trade Agreement are not so much economic in their nature as they are political and emotional, and based, at least in part, on a misunderstanding of the intention, meaning, and practical effects of the provisions objected to.

Philippine Trade Proposals as Prematurely Revealed

THE *Sunday Times* (Manila) of August 29, under the head-line "PI STAND ON BELL ACT BARED", published an article reviewing and quoting from a 26-page report to President Magsaysay of the technical panel of the Philippine Trade Revision Mission to the United States. The next day, Senator Gil J. Puyat, Chairman of the panel, denounced this premature disclosure by an unnamed congressional source, stating that it had weakened the Philippine position.

The twelve concrete proposals contained in the report were the following:

"(1) Free entry into the United States of sugar, coconut oil, cordage, desiccated coconut, cigars, leaf tobacco, pearl buttons, embroidery, in quantities specified in the Philippine Trade Act of 1946, until January, 1947; canned pineapple and other goods for future export to the United States to be borne in mind by the Mission.

"(2) Entry into the United States of all other Philippine exports on the same basis as those permitted to other countries under the most-favored-nation treatment.

"(3) Free entry into the Philippines of essential food and essential producer goods from the United States per list to be submitted; all other United States exports to be subject to duty.

"(4) In the course of negotiations, an opportunity may present itself for the Philippine Mission to request, if a quota on sugar is to be maintained, that it be based on the present consumption of sugar in the United States. The panel is informed that the present Philippine quota of 852,000 long tons was originally determined on the basis of 15.41% of the annual consumption in the United States of 5,500,000 long tons. On the basis of present consumption of sugar in that country of 8,200,000 long tons, the Philippine quota should now be 1,148,730 long tons.

"(5) The Philippine Mission should explore the possibility of retaining quotas on Philippine exports to the United States after 1974, even without any other preferences.

"(6) Presidents of both countries to have the right to impose quotas on any product of each country if found that such product were coming or likely to come into substantial competition with similar product of the other country.

"(7) Elimination of the power of the United States Government

(Continued on page 363)

Philippine Safety Council

By FRANK S. TENNY

Founder and Executive Director

EXTREMELY important safety matters are current. A brief summary follows:

Both the national and city Civil Defense and Disaster Organization plans have progressed from the "talk stage" to the "action stage". The Council has been deeply involved with both phases. On September 15 a large meeting was held at which national and city defense officials explained their programs to the assembled members of the Council, the Manila Taxicab Association, and the Security Delivery Service. More on this vital subject later.

The Council was instrumental in arranging for two officers of the Manila Police Department to be sent to the 1954-55 course in Police Traffic Administration at the Northwestern University Traffic Institute. The course begins in Chicago on September 23. Cooperation was received from Mr. Brenn of the FOA and Mr. Gibson, American Consul General. Upon graduation next June, Manila will have two properly trained traffic administrators.

You will notice that "Stop Thru Street" signs are being erected in Manila of new aluminum sheeting, plus Scotchlite Reflectorized Tape to make the sign vividly visible at night. This program was suggested by the Council, and the first to act were the Manila Trading & Supply Co. and the Vasquez Bros., Inc. Additional donors are being sought for this worthy project. Interested companies may contact the Council office.

Firms continue to join the Council, which gives added impetus to the industrial safety phase of our activities. New members include Shell Oil Co., Capitol Publishing House, A. M. Butte Co., Dagupan Trading Co., Brice Shafer, of A.P.L., Mrs. Virginia Gonder, and Atty. Antonio Nieva. Applications have been received from the Insular Lumber Co. and the H. Lyons Construction, Inc.

About 100 applications from members who wish to serve on one or more standing Safety Committees have been received. A final canvass is underway, after which the committees will be activated and meetings held. The interest shown has been gratifying, considering how busy most persons are these days. The subjects receiving the most attention are fire protection, driver and traffic matters, industrial accident prevention, and arson suppression.

Philippine Trade Proposals . . .

(Continued from page 336)

with respect to fixing of individual quotas already established on coconut oil, sugar, cordage, cigars, scrap tobacco, and pearl buttons.

"(8) If (1) and (2) are not acceptable, propose the continuation of the present trade provisions of Executive Agreement, provided the duties to be collected on Philippine products are paid back to the Philippine Government to be used for economic development and as stabilization fund to insure stability of the Philippine currency. Items (6) and (7) must be insisted upon.

"(9) It is imperative that the Philippine tariff system be revised. The tariff is one of the most important instruments in promoting the development of domestic industries. This device is used by all industrial nations. Even the United States, the most economically and financially stable country of the world, has a system of protective tariffs which is among the highest in the world.

"The tariff schedule should be so designed that only minimum rates purely for revenue purposes should be imposed on essential producer goods and essential consumer articles which are not and cannot be produced locally in the foreseeable future. With respect to consumer goods which may be produced in this country, the tariff rates should be high enough to give local industries a strong competitive position with imported products. These rates should be anywhere from 50 to 100%, depending on the degree of essentiality of the article, and the need of protection for the local enterprises. In general, it can be stated that the rates should be high enough to restrict the volume of imports to levels compatible with our foreign-exchange resources as will enable us to lift our trade and exchange controls.

"(10) That the provision in the present Executive Agreement governing immigration, and the rights and privileges extended to citizens in the field of public utilities, land ownership, and exploitation of natural resources be made reciprocal as between citizens of both countries.

"(11) That the provision of the present Executive Agreement requiring the Philippine Government to obtain the consent of the President of the United States before it can change the par value of the peso or restrict transaction in foreign exchange, be eliminated, and that the right of the Republic of the Philippines to control and administer its currency, subject only to its commitment to the International Monetary Fund, be recognized.

"(12) The Mission should stress the need for a Stabilization Fund, irrespective of any trade arrangement which may be agreed upon, in order to insure the stability of the Philippine currency, since it is the plan of the Philippine Government not only to decontrol imports but also to allow the remittance abroad (United States) of all current earnings of foreign firms and individuals engaged in business in the Philippines."

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