

tions may well develop between the Philippines and Indonesia which are but hazily foreseen at the present time.

A new people's freedom anywhere is a good and blessed thing. Long live the United States of Indonesia and long, also, may the present wise relationship with the Netherlands, once the sovereign power, now an associate and ally, continue.

On behalf of the American Chamber of Commerce of the Philippines, this *Journal* heartily welcomes the delegation from the Seattle Chamber of Commerce which, on a tour of the Far East, will visit Manila for a week this month. The reception to be accorded the party is jointly sponsored by the Philippine, the Chinese, and the American chambers of commerce here.

It will interest our readers to know that the Seattle Chamber of Commerce is 67 years old,—as against our Chamber's 29 years, the Philippine Chamber's 46, and the Chinese Chamber's 41. Still another chamber here, the Manila Chamber of Commerce, now principally British in membership, was formed in 1900.

The Seattle Chamber of Commerce was founded some years before Rudyard Kipling, in the late 80's, traveling for a British publication in India, wrote as follows about Seattle (in his "American Notes"):

"Have I told you anything about Seattle—the town that was burned out a few weeks ago when the insurance men at San Francisco took their losses with a grin? In the ghostly twilight, just as the forest fires were beginning to glare from the unthrifty islands, we struck it—struck it heavily for the wharves had all been burned down, and we tied up where we could, crashing into the rotten foundations of a boat house as a pig roots in high grass. The town, like Tacoma, is built upon a hill. In the heart of the business quarters there was a horrible black smudge, as though a Hand had come down and rubbed the place smooth. I know now what being wiped out means. The smudge seemed to be about a mile long, and its blackness was relieved by tents in which men were doing business with the wreck of the stock they had saved. There were shouts and counter-shouts from the steamer to the temporary wharf, which was laden with shingles for roofing, chairs, trunks, provision boxes, and all the lath and string arrangements out of which a western town is made. This is the way the shouts ran:

"Oh, George! What's the best with you?"
"Nawthin'. Got the old safe out. She's burned to a crisp. Books all gone."
"Save anythin'?"
"Bar'l o' crackers and my wife's bonnet. Goin' to start a store on them though."
"Bully for you. Where's that Emporium? I'll drop in."
"Corner what used to be Fourth and Main—little brown tent close to a militia picket. Sa-ay! We're under martial law, an' all the saloons are shut down."
"Best for you, George. . ."

The fire Kipling referred to was in 1889 when Seattle was a little-known lumbering town with a population of around 40,000. It was founded in 1852 by a score of settlers and was named after a friendly Indian chief. The city was incorporated in 1869, just after the Civil War, with an area of around 11 square miles and a population of 1000. The first railroad, the Northern Pacific, reached Seattle in 1884. The arrival of the first steamer from the Orient in 1896 marked the beginning of a considerable foreign trade, and the discovery of gold in Alaska and the Yukon Territory the following year changed the city almost overnight into an important commercial center.

Today it is described as the "largest city of its age in the world" and as the "leading commercial, industrial, and financial center of the Pacific Northwest". It is the nearest United States port to the Orient and the nearest large city of the United States to Alaska. The present area is around 80 square miles and the population is close to the 400,000 mark.

In all this progress, the Seattle Chamber of Commerce has played a leading part. And the Chamber has not narrowly confined its interests and activities to Seattle itself. The Chamber maintains an "Alaska Committee" which

instituted a 5-point legislative program for the settlement and development of the Territory of Alaska, securing approval and support for the program from all chambers of commerce of Alaska and of the eleven western states, as well as from many congressmen, senators, and governors. It fought Alaska's battles in securing the Nome Breakwater, the Haines Highway improvement, more adequate ship service, and many other basic projects. Since 1947 the Chamber has also had a "Hawaii Committee" organized for the purpose of trade promotion and the development of closer relations between the Islands and the Pacific Northwest.

Recently the Chamber proposed and helped to establish a Columbia Basin Development Committee composed of members from each State and province (Canadian) within the Columbia drainage basin. This Committee is working with all state and federal agencies concerned for the "early, proper, and full development of the land, water, and other resources of the area".

In addition to such broad measures for regional development, the Chamber aided in the promotion in the year 1947 of some \$78,000,000 of new investment in the city itself.

It is a far cry from the burned-down lumber town of Kipling's description to the rich and beautiful port-city which Seattle has become, and it is broad-minded, far-seeing private enterprise that has made it so.

Perhaps the visit of the Seattle Chamber's delegation to Manila will result in the creation in Seattle of a "Philippine Committee", and perhaps some similar inter-chamber committee could be organized in Manila to work with it.

With the issuance of the Central Bank's Exchange Control Order on December 9,¹ and its causes and effects, a vicious circle has come, or has about come, to full-turn.

The dictionary definition of the term, "vicious circle", is in itself illuminating as applied to the present economic situation of the country:

"A train of circumstances constituting a situation in which the process of solving one difficulty creates a new problem involving increased difficulty in the original situation."

The definition of "vicious circle" used as a medical term is also, metaphorically, applicable:

"A chain of morbid processes in which a primary disorder leads to a second which in turn aggravates the first one."

The Central Bank's Exchange Control Order was issued in an attempt to stop what amounted to a flight of capital from the Philippines, including even Filipino-owned capital, which began many months ago but which was recently augmented as one of the results of (a) the new Import Control Order, effective December 1,² which greatly increases the scope of the control and more than doubles the average percentage cuts up to that time in effect, and (b) of the Central Bank's Selective Credit Control Order of November 17³ which holds down many imports virtually to cash purchases only.

Import control was resorted to in the first place, beginning January 1,⁴ 1949, because of the considerable excess of imports over exports which, despite the large influx of dollars since the war in the form of war-damage payments and other assistance to the Philippines, was threatening an ultimate dollar-shortage.

That imbalance of exports and imports, of course, had its causes, the most obvious being that our export industries were not being developed as rapidly as they should

¹ Circular No. 20.

² Executive Order No. 295.

³ Circular No. 19.

⁴ Executive Order No. 193 (December 28, 1948); amended by Executive Order No. 209 (March 30, 1949); amended by Executive Order No. 231 (June 28, 1949).