

- This is a commonsensical and frank approach on the subject of controls versus free enterprise in relation to the economic growth of the Philippines.

CONTROLS STARTED FILIPINO INDUSTRIES

It should not be too surprising that President Marcos balks at giving any suggestion at this time that his administration may be considering the restoration of exchange controls. The return of controls could be interpreted, after all — and undoubtedly will be so interpreted by Mr. Marcos' political enemies — as proof positive that his administration had so badly mismanaged the economy and so badly run the country that public confidence in the future has practically vanished, those with fortunes to protect have salted them away for safekeeping in foreign lands, and the international reserve has consequently plunged below the absolute desirable minimum. Mr. Marcos probably fears that charges like these could hurt him and his party decisively during this election year, de-

prive him of victory next November, and perhaps nudge him irreversibly downhill to his own downfall in 1969.

Furthermore, the myths about "free enterprise" and free competition die hard in this country. These myths, lovingly nursed and propagated largely by alien business interests, mostly American, in the Philippines, allege that the unfailing key to the nation's speedy development and progress is "free enterprise," just as any move towards a planned and directed economy could only bring ruin on the country.

How have these myths actually worked out in the light of history? For all the blind homage and fealty paid to the gods of free enterprise, the Philippines is still an under-developed country today, the Filipinos have remained drawers of water and

hewers of wood, and the country has not progressed beyond being a fertile field for ruthless and cynical exploitation by predatory alien capitalists and investors without the slightest genuine regard for the well-being of the Filipino people.

It was only during the period of controls not too long ago, as a matter of fact, that the Filipinos began to have the opportunity of moving into, and taking over, some sectors of the economy. It was only then that the first faltering steps towards industrialization were taken. The government wielded its powers of import and exchange controls to redress some of the severe handicaps suffered by Filipino businessmen, at the hands of their wealthier alien competitors, and to give the former a fighting chance. And even alien enterprises in this country, unable to remit their earnings and profits to their faceless investors abroad, were forced to plough part of their funds back into local expansion. This was the period when the oil companies, for example, built their local refineries.

When President Macapagal and the Liberal party were voted to power in 1962, however, they scrapped the entire control system and restored the economy to free enterprise. Curiously, the new dispensation hailed this as a brilliant achievement, and predicted that the magic wand of free enterprise would strew the land with new bustling factories and energetic, productive activity. None of these rosy predictions, however, came to pass.

What actually happened instead was that the fledgling manufacturing businesses set up by Filipinos found themselves swamped and overwhelmed once again by their alien, principally American, competitors. Native industries plunged headlong to the pits of distress — from which the Marcos administration, to this day, is still trying to retrieve them — while alien enterprises were free and unfettered once again to remit the wealth of the Filipinos to their far-away parent companies.

An argument repeatedly invoked to justify the liquidation of controls and the return to free enterprise was

the incredible, massive corruption that accompanied the administration of controls. Undoubtedly the corruption was there. The cure that was applied, however, was equivalent to burning down the entire house just because a few posts and part of a wall had been found to be anay-infested. An absolutely necessary and helpful system was discarded just because its implementation was faulty.

Today it is the Marcos administration that is paying the prohibitive price of the criminal scrapping of controls. But Mr. Marcos seems headed towards compounding the tragedy of sidestepping the issue instead of meeting it head-on. None of the myths of "free enterprise" has proved helpful.

They have, on the contrary, succeeded only in suppressing Filipino businesses and in bringing about the current depletion of dollars. A regulated, controlled, planned economy is a must for every developing country; there is no other way towards swift growth that will keep pace with the population explosion that as the bane of every impoverished society.

And the time for the President to act is now; to temporize in the hope that something hopeful may turn up, would be self-deception. It would call to mind the man who fell from the 34th story of a building and assured himself, as he plunged downwards past the 11th floor: "Up to now I'm still all right." — *By J. V. Cruz in Manila Times, June 28, 1967.*