

That is why the United States Government scouts all talk of dollar devaluation. The dollar is today the international standard of value and it is important to the highest degree to keep that standard stable, free from even a breath of impairment. If the dollar were devalued, then the only sense there is in the devaluation of some of the other currencies would immediately disappear.

From the shorter point of view, the more prosperous nations are, in a sense, making a sacrifice in thus submitting voluntarily to a more intensive competition from the less fortunate countries. But that is today the price of civilization. It is also proof that in the "high finance" of so-called "capitalism", considerations of sympathy and humanity do enter as well as what has been called "enlightened self-interest". The United States Government is very soundly encouraging the British and the others to sell more to America because, in the long run, that is the only way the United States could sell more to Europe. And when we think of "selling" (and buying), let us think of what that really means: an exchange of needed and desirable goods to the mutual advantage and enrichment.

Members of the American Chamber of Commerce and businessmen generally, we believe, will be very much pleased with a statement by Mr. Aurelio Periquet, who was recently elected President of the Chamber of Commerce of the Philippines, succeeding Mr. Gil J. Puyat, in the August issue of *Philippine Commerce*, the monthly organ of the Philippine Chamber.

The Dead Hand of Government Control

The statement is contained in an article outlining an 11-point program which Mr. Periquet has set for himself as the new head of his Chamber, and comes under Point 7. It runs:

"Anything that impedes free enterprise is objectionable. Government intervention has been decreed time and again, whether in this country, in the United States, or elsewhere. One such measure is import control. I recall that we endorsed for approval the law establishing import control as a temporary measure. While I do not argue on the beneficial effects of the import control, such as the conservation of our dollar reserves, by canalizing the import trade to essential commodities and capital goods and restricting the importation of luxuries and non-essential goods, the fact of the matter is that we favored it as a temporary measure. I shall suggest to the Board that we send a referendum to the members asking them to give their opinion as to the continuation or repeal of the import control so that we may arrive at a definite stand on the matter."

"Anything that impedes free enterprise is objectionable." That is as sound as it is emphatic. That is the authentic note.

As for import control, Secretary of Commerce and Industry Balmaceda has again announced that further cuts in the imports of "luxuries and non-essentials" are due and will be "substantial enough" to necessitate the observance of "greater austerity" here.

A section of the press having stated that the "American community" now "supports" import control, the American Chamber of Commerce last month deemed it necessary to issue a press statement denying this in so far as the Chamber's representation of the American community is concerned. The statement ran substantially as follows:

"The problems confronting an American businessman here are the same as those which beset the Filipino businessman. Their interests are very much the same. Both are interested in the establishment of a sound Philippine economy.

"Any criticism we may voice is offered as constructive criticism and in a desire to help.

"We are convinced that import restrictions are not a cure and can be only a temporary palliative of the exchange difficulties of this or any other country.

"When import control was first being considered here, considerable opposition was expressed both by Filipino and American businessmen. There was a general belief among them that the problem offered by the excess of imports over exports could best be solved by:

"1. Increasing local food production so that less food need be imported;

"2. Increasing our exports;

"3. Increasing the manufacture of all products which may be manufactured from local raw materials.

"Most businessmen at that time were not convinced that import control was necessary if a properly planned program of increased production were immediately and energetically put in operation.

"The Philippine Government, however, decided that import control was necessary and such controls were imposed. Since that time all American business houses here have faithfully cooperated in the attempt to make these controls work.

"If the situation today is indeed such that it has become urgent that even stricter controls be imposed as a temporary means to conserve our dollar-balance, then no right-thinking businessman, American or Filipino, would oppose them.

"However, even if this were so, there might still be considerable criticism of the methods used, and general criticism of the whole policy will no doubt continue unless all other possible means of balancing our imports and exports are diligently pursued so that the control may be terminated as soon as possible.

"There are two ways in which a country may balance its exports and imports,—one is right and the other is wrong.

"One is to lower the standard of living,—and import control is one means for bringing that about. The other and right way is to produce more and to export more in exchange for what is imported, utilizing all possible natural resources and, in our case, especially increasing food production.

"The American Chamber of Commerce always has been and still is opposed to import control in principle. However, the Chamber is as deeply concerned in the financial stability of this country as any other organization, and would cooperate wholeheartedly in the execution of any necessary policies adopted toward that end.

The foregoing was a more or less generalized statement for the Manila newspapers. In this Journal we should like to point out that while, under the present control, whether necessary or not, and with more lines coming under control all the time and with progressively larger cuts, the volume of imports has indeed been reduced, but this "success" has been accompanied by much damage. One of the most untoward effects is that it has become virtually impossible for businessmen to plan ahead except, in general, for still poorer business. The businesses of many importers have already been seriously curtailed, and it would appear that they have nothing to look forward to than still further curtailment.

What normally constitutes around half of the business of this country engaged in foreign trade,—the import business, has been most seriously affected and most deeply discouraged. All thought of expansion has been given up; stability, confidence, much of business incentive,—all this has already been sacrificed to the policy of import control.

In the "Real Estate" column of this Journal last month, the statement was made that "office space shows a growing percentage of vacancies in new buildings, and warehouse space is more readily available than at any time since 1945." And the editor of the column added: "Office and warehousing space appears to be feeling the effects of import control."

The policy has reduced imports, and if it is persisted in it will certainly reduce imports still further, but this will be at the cost of the failure of many businesses and the loss of their jobs by thousands of our workers.

Further great depletion of the dollar reserves, however, would be fatal to the entire economy, and the present situation may render advisable the continuation of the control now begun, but it should be exercised only over luxuries and non-essentials properly so classified, as a temporary measure to be abandoned at the earliest possible moment, and pursued only as auxiliary to other sounder measures.

And rather than talk of "greater austerity" in a country that for fifty years has been engaged in an earnest effort to increase the general standard of living, we should talk of greater effort, greater industry, greater production. We should resolutely set our minds on *more* rather than *less*, on development, prosperity, abundance, rather than on choking and checking, retardation, retrogression, a more grinding poverty.

"Anything that impedes free enterprise is objectionable." Nothing so impedes enterprise as government controls. That, indeed, is the dead hand the laying on of which palsies and kills.

Since the foregoing was written, some of the Manila newspapers published summaries of a new import control order which, it was stated, was to be submitted to the Cabinet for approval. The order would apply to no less than 160 different classifications of goods, some 65 of which would be new, and the cuts would range up to 95%.

The following day it was officially stated that this had been an unauthorized and premature publication of an "unedited draft", but business generally was aghast at the extent of the further curtailment of imports which is evidently being considered.

We wish to make it plain that nothing that was said in the Chamber's release to the press or in the foregoing editorial should be or could be interpreted as being in support of any measure so extreme. It would be so-called "control" itself running uncontrolled and hog-wild. It would be ruinous to much if not all of our business and our general economy, a ruin that would certainly have to be measured shortly in terms of failures and bankruptcies, decreasing new investment, increased unemployment, a falling off in government revenues, all against a general rise in prices and an increased cost of living, and greater and greater popular discontent.

No government can afford to draw such consequences upon itself at the behest of a group of its bureaucrats and theoreticians.

A despairing contrast between humanity's technological and political progress, is often drawn. Our science has far outrun our politics. Yet we have made political progress, too, even if it be admitted that the absolute ruler has only made way for the demagogue.

Though a number of ancient states and empires were certainly not small, political forms of organization in general have grown vastly not only in size and power, but in the character of their human base.

In the main, the many have always been governed by the few, but governments have, on the whole, become steadily more representative of, and responsive to, ever greater masses of people.

Government by war-chiefs and medicine-men, by feudal land-owning classes, by ecclesiastical hierarchies, by aristocrats, nobles, and kings, by oligarchies of merchants and plutocrats, — all such forms of domination lie largely behind us. They appeared and disappeared, often to appear and disappear again, on the world-scene in various places and over many centuries, and they all played their part in human advancement. They all served, primarily in establishing and maintaining order, but generally also exploited the multitude.

These various classes of rulers have succumbed, one and all, before the surge and swell of the will of the people, before the great democratic flood, whether it was recognized as such or not. And even from the first, the most veritable tyrants had always to be careful that the mutterings of an oppressed people did not rise to the cry of revolt.

The demagogue is generally conceived of as a sinister figure, and this he may be and often is, though demagogues may range in character from a Roosevelt (some have called him a demagogue) to a Hitler. Today, even totalitarian despots give lip-service to democracy, and though they rule by terror they themselves live in mortal fear of the people and play upon them with every organ of propaganda in the effort to retain their grace. That even the most evil rulers of these times are demagogues, is an unconscious tribute to the people and their latent power.

When we see demagoguery in action today, we should not be wholly disgusted but rather recognize that fundamentally it is a hopeful thing that a political scoundrel must, as does the honest democratic leader, attempt to win over the people instead of seek to gain the support merely of the classes and the special interests, as he had to do in the past.

If we are largely governed through demagoguery today, this is because the power of the people is recognized. If the historical process has led only from the autocrat to the demagogue, we should understand that while both are dangerous, the latter rarely exercises such absolute power as did the former.

The spirit of democracy may be subverted and perverted, as it is under what now is called communism. But even so, no demagoguery can long save any regime when its appeal to the people ceases to be convincing and the despotism can only be maintained by naked force, for force must always in the end bow to the people's consent.

Under modern "scientific" methods of control, including not only terror and brutalization, but a hypnotic propaganda, it does appear that whole populations might be hopelessly enslaved, made unaware of their chains, dulled to all their miseries, even taking in them an idiot-delight. But that is such a nightmare picture of the humanity of the future under totalitarianism that we feel that it could never be true. Somehow, man, with his human intelligence and spirit, would fight himself out of such a demonic trap, which only madmen would be capable of constructing. Not that we have not had such madmen. Mussolini was one such, Hitler was another... and there are still others.

We may confidently expect further development in democratic leadership as the people themselves raise their material, intellectual, and moral standards. If much of today's leadership even in our de-