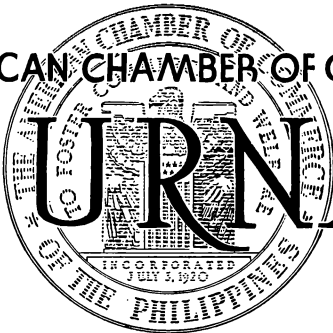


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

*"...to promote the general welfare"*

The almost unanimous election of Ambassador Carlos P. Romulo to the Presidency of the fourth annual session of the General Assembly of the United Nations, is an honor both to the man and the nation which he represents.

### World Assembly President — Romulo

He received the votes of the representatives of all of the fifty-nine nations, great and small, except those of Russia and its satellites who gave five votes to the Czech Foreign Minister, one other, unidentified vote, possibly Yugoslavia's being declared invalid.

Mr. Romulo's election may be interpreted as showing both the esteem in which he is personally held and the respect and goodwill internationally entertained toward the Republic of the Philippines. It greatly enhances this nation's prestige.

May the Philippines hold the respect it has won and go on from victory to victory.

The British Government's devaluation of the pound sterling by 30% has met with general approval as a realistic measure which it is hoped and believed will improve the British position in international trade, but no one should suppose that the act resulted from anything else than a bleak recognition of a desperate situation which required desperate resort.

The British action has prompted some irresponsible talk in Manila, — not in official quarters, to the effect that devaluation of the peso might be a means to meet the situation created by the dollar shortage with would result here if our imports continue greatly to exceed our exports. While the peso is "tied" to the dollar at the ratio of 2 to 1 by treaty agreement and while there are other legal obstacles to arbitrary devaluation, this nevertheless, could be done and would, in fact, be inevitable under certain circumstances, but it must be emphasized that it would be a desperate resort to which a government turns only in extremity.

The devaluation of the British pound was not a matter of choice except within margins of time and the precise degree of the devaluation. It was forced on the British Government by the untenable position in which Britain finds itself economically despite the assistance it has been receiving from the United States since the war. The fact is that though British production has greatly increased of recent years, the total production still runs far below the nation's needs, the position having been worsened by the efforts of the British Government, controlled by the Labor Party, to attempt through various socialistic measures to improve the condition of the British masses to an extent not justified by the present production. This has cost money, — other people's money, and the nation was on the verge of bankruptcy. The situation of Britain has once again shown that a people's general welfare, whatever the will of the government, must depend and can only depend in the long run on their production and not on what they can borrow. Britain has to increase its production still further and has to increase its exports to pay for its imports. If total collapse is to be averted, the nation has eventually to live within its income. And, true enough, this holds true for us in the Philippines also.

The situation being what it was, the British Government resorted to devaluation of the British currency. This means, first of all, and in effect, partial repudiation. People in Britain itself and elsewhere in the world who held pounds or who had investments in pounds suddenly found the dollar value of these assets reduced by a third. It means, furthermore, a reduction in real wages and, in the standard of living in Britain. Costs of production will be lessened and that was one of the effects aimed at because this will make it possible to offer British goods at lower prices and to sell more of them abroad. These lower production costs, however, will be partly offset by the higher costs of many imports