

battery recharged. Sometimes he overlooks the fact that he has his brakes set. Generally he is ignorant of how far his car will hurl itself before it can be brought to a stop by applying his brakes. If he is lucky he is only arrested a few times and fined. If he is unlucky, he finds himself in jail. If he is unluckier still, others find him smashed in a ditch.

WE will not end on such a calamitous note. Let us have faith in this country and the people. But let us pray.

Let us pray that the Exchange Control,—the most damaging form of control of all, will be lifted as soon as some degree of confidence has been gained through an immediate modification of the unnecessarily severe import control, with such control remaining only over true luxuries and non-essentials (certainly not foodstuffs), and changing from direct control to luxury taxes. Let us pray that unwise land and corporation laws and all other discriminatory legislation will be wiped off the board so as to offer outside capital real opportunity to develop both our export industries and such industries as will efficiently supply many of our local needs.

Let us pray that our financial and economic officials will not persist in attempting to gloss over the situation,—as they are doing, to make it appear other than the catastrophe that it is.

Let us pray that a lesson has been learned through the near-bankruptcy to which this fair land has been brought by wrong-headed policies persisted in until we have reached the very edge of the abyss of national failure.

Our economic and financial control officials have been quoted in the newspapers as asking the public and the

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business community not to be alarmed about the import and the exchange controls inasmuch as there are large stocks on hand of most goods under control,—enough for months and in some cases, they say, for two years(!)—and if any real needs develop, the goods will be allowed to come in; and inasmuch as dollars, too, will always be available to pay for what is allowed to come in.

In view of the continuing trade imbalance,—admittedly bad, this seems superficially sweet and reasonable, but do these good intentions of the control officials meet the situation which is being created and do they offset the basic objections to all government control of trade?

As to the first half of the question, government statistical services are inadequate, and dependable information as to trade details, distribution, turn-over, consumption, etc., is almost wholly lacking. Shortages therefore are very likely to become apparent suddenly and unexpectedly, and it might be months before the need (which in many cases could be dire) could be met, even if it is assumed that the importers looked to had not meanwhile been forced out of business.

Let it be understood that the government controllers are now, today, virtually wrecking our established import set-up.

This relates to the second half of the question. Under normal business conditions, hundreds and thousands of businessmen and business organizations, experienced in their fields and sufficiently capitalized, study the market constantly, and cautiously but adequately keep it supplied, while also slowly building up reserves to meet unforeseen contingencies.

To believe that a number of government officials, no matter how able, or even a large board of genuine government experts, can assume the role of these hundreds and thousands of practical businessmen, pooling as much knowledge and exercising as wise a judgment as all of them together, is to believe the impossible.

The control officials, by the way, evidently mean to have the present reserves of stocks used up, leaving the

people at the mercy of any untoward circumstances which may arise.

MERELY to require the licensing of orders for so many classes of imports, even if it is assumed that a license would nearly always be granted, places businessmen at a serious disadvantage because it forces them to submit their judgment to government functionaries who are bound to be much less experienced in their own fields of enterprise than the businessmen are and because it exposes to others their expert calculations and plans and makes impossible that promptness of action upon which success in competitive private business enterprise depends.

That is all apart from the practical difficulty, indeed the impossibility, of channeling a trade that in the aggregate runs to tens of thousands of transactions involving hundreds of millions of pesos, all through one small government office. Even if such an organization employed numerous section chiefs and thousands of clerks, it would still constitute the worst possible *bottleneck*.

Any such government control straps business in a straight-jacket, hampering every move. It reduced the ablest and most far-sighted business executive to the level of the most mediocre. All alike must "ask permission" and the permission can always and at any time be denied. Real business management becomes impossible. The business manager becomes the errand boy of the government functionary. The technical waste is obvious.

Mere friendly "kibitzing" is intolerable even in only a parlor game. What then is the forcing of government control on the conduct of a man's daily business?

The whole spirit and practice of individual free enterprise is outraged and vitiated by government control. There never could be any such fatal "restraint of trade" as that exercised by government control. It makes business as this is understood in democratic countries absolutely impossible.

With business under government control, the whole people are under control. Freedom and self-determination depart; citizens become subjects; stagnation and retrogression sets in; poverty takes the place of prosperity.

There is totalitarianism, where the State is total and the people count for nothing.

For the recent amendments to Executive Order No. 295, the reader is referred to Executive Order No. 297 which appears on page 32 of this *Journal*. The changes chiefly affect certain foodstuffs and are commented upon by Mr. C. G. Herdman in his column, "Food Products", page 28.

Among other things, the exchange control is causing business executives here worry about their credit standing with export firms in the United States and other countries. One business house

**Destruction
of Credit** received the following letter from one of its suppliers with whom its credit in the past has been practically unlimited:

"... Concerning future shipments, you can well understand that we, as well as practically all exporters to the Philippines, are quite concerned with the new Exchange Control and its repercussions on our future dealings. There is doubt in export circles about the future, and many believe that the trend of Philippine regulations would seem to emphasize letter-of-credit terms because until the present uncertainty is dispelled, few exporters would be likely to consent to draft terms.

"As far as we are concerned, we do not wish to make any decisions until we know more about the new regulations, how they will work out, and how long a delay there will be from the time the customer pays the draft in local currency until dollar remittance is authorized by the Central Bank. We would also like to know how quotas are to be assigned and whether there will be priorities in accordance with the type of merchandise.

"We are somewhat upset by the Exchange Control, which we fear is bound to curtail our sales in that market after the fine work you have been doing to improve our volume of sales, which has steadily increased during the last several months. . .

"We are quite certain that there will not be any delays on the part of the . . . [deleted] . . . Company in paying our drafts in local currency, but the question is how long the Central Bank would take