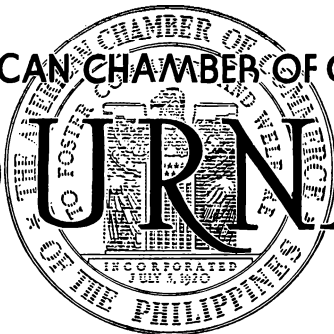


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

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

President Quirino left Manila for the United States on August 6 and returned on the afternoon of August 18,—the trip thus covering a period of twelve busily crowded days which, many will agree, could not have been better spent.

### President Quirino's American Visit

The President was received in America not only with distinguished official courtesies, but with the utmost cordiality everywhere he went. He was welcomed at the airport by the President of the United States, who also, personally, bid him farewell there a few days later. He addressed both the House and the Senate in separate sessions, his speech in the Senate being an especially masterful one. He was also able to find time and energy to address a number of important financial and business groups in New York.

In connection with the dinner given in his honor by the Philippine-American Chamber of Commerce there and the National Foreign Trade Council, the former asked the Manila American Chamber of Commerce to send a message of greeting to be read at the dinner. President Frederic H. Stevens dispatched the following radiogram:

"American Chamber of Commerce of the Philippines is glad that President Quirino has been able to accept the dinner in his honor given by PACC and NFTC. We are sure the meeting will be to the mutual benefit of the Philippines and the United States. We are immensely pleased with the reports carried in the newspapers of the President's outstanding success in reinvigorating Philippine-American friendship. Our greetings, respects, and best wishes to him and you all."

That was a sincere expression of our sentiments. Other than his brief speech at the airfield on his return here, the President has not as yet at this writing, released an official statement regarding his possible achievements. But no man could say what practical results will follow from the President's visit to America, though there are bound to be such effects, ramifying in many directions, political and economic, national and international. We believe that these will be of decided benefit to both countries.

In reading a magazine article recently, we came across a paragraph which suggested to us certain side-reflections, a train of thought, which had nothing to do with the article we were reading, but which is of interest here in connection with the frequent agitation concerning the so-called "protection on the national patrimony".

The paragraph read as follows:

*"Protection of natural resources:* The richly endowed United States has been peculiarly vulnerable because of torrential rains and the susceptibility of our soils to sheet erosion. Conservation of the soil and of the moisture content by contour and strip farming, by improved rotation, and especially greater concentration on grass culture, is thus an indispensable requirement. The preservation and reproduction of timber resources is closely related to soil protection. Systematic conservation of minerals is not less important. We are obliged to think not in terms of centuries merely but of millenniums."

Note that here is no word about mere land ownership or about preventing lands or other natural resources from being acquired or developed by "aliens". Such questions are of the most temporary and indeed trifling importance compared to the conservation and wise utilization of the resources.

Here we enter the clear realm of science, of management, of constructive statesmanship. Here we regard realities, meet Nature's challenges, solve difficult problems, formulate sound policies, carry out wise programs, develop, advance, construct, establish. Here the air is fresh and clean and full of the hope of achievement.

Here we are away from the emotive, the narrow, the invidious, the stagnating, the retrogressive, the unutilized and wasted, the lost.

Are we in the Philippines to continue to waste time arguing about restrictive laws and unjust and unwise court decisions while the land itself is allowed to waste away through such torrential rains and such frightful erosion as few Americans can have any con-

ception of? While some of our farmed areas are being utterly exhausted by years of cropping, always the same crop, producing harvests hardly worth the reaping, vast territories are still idle wilderness, spoiling for the will and labor and the implements of pioneers. With great wealth hidden in our lands and forests and mountains and seas, millions of our people hardly get enough to eat, and thousands are unemployed and hundreds of thousands only half-employed.

But some of our so-called leaders argue passionately, but emptily, about who is to be allowed to do anything. Ranting about the protection of the patrimony, it is being wasted and lost. The living generation can have but little hope for a better future unless capital is enlisted and work is undertaken, no matter by whom.

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According to a recent Associated Press dispatch from Washington, the chances that President Truman will ask Congress to provide additional funds to the Philippine War Damage Commission to be used for larger payments for private and public war claims, appear to be slight, although it was emphasized, too, that the President still has the matter under consideration.

We hope that the President and members of Congress will realize that the War Damage Commission has been able to pay only approximately 30% of damage payments approved, and that the amounts approved are themselves admittedly way below present replacement costs, valuations being calculated on pre-war costs *less depreciation*, there being, furthermore, broad classifications of losses which, under the law, *may not be paid for at all*. The result has been that many claimants have received damage-payments so small in proportion to their losses that it has been impossible for them to re-establish their war-destroyed enterprises.

The foregoing is true only on the medium and large-scale enterprises,—small losses (under ₱1000) have been or are, under the law, being paid in full, but these are just the type of payments which, though important enough to the individuals receiving them, do not figure greatly in the rehabilitation of Philippine industry.

We have been informed that if another ₱100,000,000 or so were made available, the 30% payments to the larger losers could be increased to around 75%, and this would make a more than proportionately great difference to the industries and enterprises affected.

We hope that this will be understood in Washington.

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The memorandum on Philippine investment problems, submitted to President Quirino at his request by an American Chamber of Commerce committee and published in substance elsewhere in this issue

**Excessive Taxation by Local Government** of the Journal, made no direct reference to the increased taxing powers of the Manila City Government under the new Charter, and we are pleased, therefore, to publish the following suggestive statement on the subject received from a member of the Chamber:

One of the drawbacks to both foreign and domestic investments in economic development projects is the fear of excessive taxation by local governments. Even with the limited taxing power vested in municipalities, they still have the power to make or break a business enterprise. The recent amplification of the taxing power of the City of Manila highlights the fear felt in some investment circles.

We do not assume that a local government will abuse its taxing power. We have too much faith in the principle of local autonomy to entertain such an assumption. Yet Philippine history records some examples of the killing of the goose that laid the golden egg.

Dependent as local governments are on hand-outs from the central government, there is steady pressure to raise more taxes. Once a large enterprise has already made a heavy capital investment, has given employment to hundreds or thousands of local citizens, and seems to be prospering, it becomes a tempting target for local revenue-raising ordinances. The local officials are quite aware of the fact that a fixed plant cannot afford to move to a more tax-favored locality, so little by little the impositions tend to grow. Inspection fees, license fees, and municipal taxes are all resorted to, to help the local government balance its budget.

To the American investor, particularly, this attitude is disconcerting, because it is so different from what he has experienced. The dispersion of industry to small communities in the United States during the past century has been largely the result of inducements offered by the local communities. Local officials join with civic and business leaders to "lure" industries to their town. Generally a free site is offered. Tax guarantees are made and observed. As a result, employment increases, retail trade expands, land values increase, and every element of the community enjoys greater prosperity. Hence, too, the revenues of the town from all sources increase, without the need to bleed the enterprise which has brought this increased prosperity and tax revenue.

Perhaps if local governments were granted authority to make "tax treaties" with industries they wish established in their midst, there would be greater incentive to private investment in industry, and with it a healthier geographical distribution of industrial equipment.

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Welcome to many Americans in Manila who were interned by the Japanese during the war, was the announcement that on July 29,

**Appointment of the War Claims Commission** President Truman had nominated the members of the War Claims Commission authorized by the War Claims Act, approved July 3, 1948,—more than a year before.

The persons nominated are: Daniel J. Cleary, of Illinois; Mrs. Georgia L. Lusk, of New Mexico; and David N. Lewis, of New York. Both men are lawyers and Air Force veterans. Mrs. Lusk, a former Congresswoman, lost a son in the war.

Rumors which circulated in the Santo Tomas Camp were that President Roosevelt had been heard to promise over the radio that internees would be given a per diem of \$10, payable immediately after liberation, but in addition to the fact that the aid is being so long delayed, is the fact that the "detention