

tion of the application of fractional tariffs to prolong the period of relatively free trade between the Philippines and the United States, and that, from our point of view, would be most desirable and advantageous regardless of any dogmatic notions with respect to "economic independence".

In connection with the desired further industrialization of the Philippines, those who warn against too indiscriminating a policy in this regard are sometimes accused of desiring to "perpetuate a colonial economy."

If the expression, "colonial economy", is correctly used, it means that type of economy which arose during what may be called the colonial period of world history in those undeveloped areas over which various industrially more advanced nations extended their sovereignty. Such an economy is based on the trade which develops between them in which mainly the raw products of the colony are exchanged for the manufactured goods of the mother country. At the beginning this is an entirely natural and wholesome development of mutual benefit to both the mother country and the colony. However, the expression, "colonial economy", also denotes something more and that is the type of economy, as already described, the continuation of which has been unwarrantedly prolonged through political means,—monopolies, prohibitory tariffs, etc., calculated to deliberately prevent or retard further natural economic development toward greater self-sufficiency on the part of the colony in the supposed interest of the sovereign country. This, of course, is plain exploitation and an unmixed evil.

What we should like to say here is that there can be no true talk of "perpetuating a colonial economy" in the Philippines because the economy of the country has long since ceased to be one typical of a colony in any sense. During the period of American sovereignty, the United States never made the slightest effort to exploit the country economically. On the contrary, the Philippines was given the freedom of the United States market and trade with other countries was not prohibited; no monopolies were established.

Industrialization proceeded naturally and fairly rapidly almost from the beginning as capital formation made this possible and profitable. That industrialization did not proceed more rapidly was practically wholly due to the fact that there was no greater capital formation and because the national production and the national per capita income did not increase as rapidly as it might have, had the proper measures been taken to attract rather than to discourage a greater investment of outside capital. The Japanese occupation was also a serious set-back, spelling not only loss and destruction, but complete stoppage of the economic momentum of the country.

It is true that Philippine trade still consists largely in the export of what loosely may be called raw materials and the import of manufactured goods, but of the twenty most important Philippine exports, only copra, abaca, and logs and lumber are "in, or nearly in, the natural state". Most of the other exports involve manufacturing or processing operations, as in sugar, base metals and concentrates, coconut oil, desiccated coconut, canned pineapples, embroideries, tobacco and manufactures, copra meal and cake, gold and concentrates, molasses, rope, chemicals, cotton and manufactures, shells and manufactures, beverages, wines, and liquors, and rattan and manufactures.

It is an interesting fact that as late as the opening of the present century, no less than one-third of the United States exports consisted of crude materials (such as cotton, leaf tobacco, and lumber), and another third of foodstuffs (such as grain, meat, and lard). The other third of the United States exports were manufactures; only one-fourth

of the total exports consisted of such finished manufactures as textiles, machinery, iron and steel, transportation equipment, copper, petroleum products, etc.*

As for United States imports at the turn of the century, one-third consisted of crude materials (such as rubber, hides and skins, silk, wool, leaf tobacco, fibres, long staple cotton), and one-fourth of the imports consisted of foodstuffs; something over 40% of United States imports consisted of manufactures.

Last year the crude material exports from the United States amounted to only around 10% of the total exports and foodstuffs amounted to another 11%. Manufactures had increased to around 80% (machinery, transportation equipment, automotive products, iron and steel, various metal manufactures, textiles, chemicals, petroleum products); however, about one-third of these manufactures exported in 1953 were Mutual Security Program items and therefore not commercial exports.

As for the imports into the United States last year, one-fourth consisted of crude materials, around 30% of foodstuffs, and, strangely enough, around 45% in manufactured goods.

It will be seen that even as late as the early 1900's, the bulk of the exports of the United States, which had then been an independent nation for well over one hundred years, consisted of crude materials and foodstuffs. It will also be seen that even last year, the United States imported proportionately more manufactured goods than it did in 1900.

This should show that proportionally large raw material exports and large imports of manufactured goods are not only characteristic of a colonial economy, but may also mark the trade of more advanced and very prosperous countries.

The May issue of this *Journal* contained an editorial entitled "The Bomb and World Government",

in which it was suggested that "with the development of the Hydrogen Bomb, an instrument of wholly unprecedented dimensions of destructiveness, the question arises whether this does not afford the first opportunity in history for the establishment of a world government able to enforce its laws." The editorial proposed that—

"the Government of the United States, so authorized by its people, turn over to the United Nations, as the existing nucleus for a world government, all its atomic weapons and the means for producing them, on condition that that organization, with the consent and support of the majority of mankind, will assert, obtain, and maintain a world monopoly in these weapons, at the same time ordering all aggression and subversion everywhere to cease, while being, from the beginning, instantly ready if necessary resolutely to employ to this end the required minimum of the overwhelming force which will have been placed at its command."

It was gratifying to note that the July 22 issue of the weekly *Listener*, published by the British Broadcasting Corporation, printed the text of a radio address delivered shortly before by Bertrand Russell, in which this famous philosopher made very much the same proposal.

Lord Russell advocated a world government which would have a "monopoly of armed force, except for such minor weapons as might be necessary for police action," but emphasized that "in all other respects, the independence of national states should be unimpaired." However,—

"in the event of a dispute between national states or between federations, the international government should automatically take cognizance of the dispute and should pronounce a decision by arbitration. If either party resisted the decision, the international government should impose its authority by whatever show of force might be necessary."

Although Lord Russell stated that he does not "venture to prophesy that a world government such as I have been

*From an article by Prof. Roland L. Kramer (University of Pennsylvania) in the July, 1954, *Commercial America*.