

public buildings, built in the old style, as desired by the Commission, what is to be done? And where would the money come from to support such an extravagant use of land, some 1.2 square kilometers, within a few minutes' walk of both the Port and the business center of the city?

Present land values, as compared to the values just before the war, run approximately as follows:

Down-town (Binondo), before the war, around P400 a square meter; today, between P600 and P700 a square meter.

On and about the Escolta, before the war, from P500 to P700 a square meter; today, around P1,000.

Ermita, before the war, from P25 to P40 a square meter; today, from P50 to P80.

Intramuros, before the war, from P25 to P40 a square meter; today, from P40 to P60 a square meter.

It will be seen that the price of land in Intramuros has not gone up very much, but that is because of the present restrictions and the general uncertainty as to what is to be done with the area. If the land were thrown open to ordinary building enterprise, under the ordinary building regulations of the city, land values would rise very quickly and it would not be long before extensive construction would be begun, probably mainly office buildings and some industrial and commercial establishments.

It should be clear to everyone's understanding that the old Spanish style of architecture is entirely unsuited to modern functional requirements and that the revenues to be obtained from such primitive structures would be entirely inadequate to meet their cost, not of construction but of maintenance on land of high value which, no doubt, would be taxed accordingly.

Erecting more or less modern buildings of many stories but faking some sort of exterior old-Intramuros look, would also be most undesirable, both architecturally and esthetically, and, even so, the old narrow streets, which were such a distinctive feature of old Intramuros, could never serve a modern built-up area.

It seems unescapable that we must resign ourselves to the loss of Intramuros as an old Spanish city. In many respects, that loss,—of Manila's ancient structures and shrines and historic land-marks, was the most grievous loss of all the losses brought upon the country by the war. Never can we be callous to that loss. But we should recognize that even if there had been no war and Intramuros had not been destroyed in the terrible violence of 1945, old Intramuros was in process of passing. Even before the war it had become to a large extent a crowded and unhealthy tenement district. Fine old residences had become ill-smelling warrens of the poor; old convents and schools were being turned into warehouses; stately old government buildings were housing second- and third-class bureaus and fire and police stations. It is certain that the war only hastened the inevitable.

Some compromise must be reached and that compromise might well be such as has been reached, often, no doubt, without thought or plan, in many ancient cities of Europe. In cities there, far older than medieval Manila, building has through the centuries taken its natural course, but ancient land-marks have been preserved,—certain buildings, now generally museums, certain picturesque city gates, and stretches of wall which have become parks and public promenades.

There is no restoring the old Walled City, artificially. As a distinctive unit, as a relic and museum piece of the middle ages, it is gone. But we can and must save what still stands. The Cathedral, the San Agustin Convent (oldest building in Manila), a part of Fort Santiago, a number of gates, and most of the walls can and must be repaired and preserved. In place of what is irrevocably gone, let modern Manila flow back inside the walls, according to the city's needs. The old and the new would

stand in a not unpleasing contrast. We could still pace the tops of the old walls, study the lines of the old bastions and ravelins, step into the old stone casemates and peer through the old embrasures, entering into the minds of long-dead Spanish cannoners: a few of the ruins might be preserved as they are, like Guadalupe at Makati, in themselves monuments to the history of Manila's more recent past, the terrible days of the last stand of the Japanese invaders and the irresistible might of the American forces.

The erection of the fine new, P3,000,000 Standard-Vacuum Oil Company building on Isaac Peral Street, which was inaugurated on December 28, was striking evidence of the faith of American business in the future of the Philippines. The same can be said of several other constructions, including the new P3,000,000 factory of Colgate Palmolive Philippines, Inc., in Makati, and the P1,000,000 laboratory of Sharp & Dohme (Philippines), Inc., on Isaac Peral, both inaugurated in November. Still other large buildings are being planned or are already in process of construction by other American owned business enterprises.

The new Manila edifice is said to be one of the finest Standard-Vacuum Oil Company buildings in the world. The two stories provide 42,000 square feet of floor space, and the building is so constructed that a third story can be added if this becomes necessary. The building is air-conditioned throughout.

The inauguration of the Standard Vacuum building was attended by the President of the Philippines and several hundred of Manila's leading officials and businessmen. Mr. J. A. Parrish, the general manager, delivered a brief address in which he spoke of the faith of his Company in the Philippines and also took the opportunity to impart some interesting facts and figures,—for instance that the Company employs, throughout the Philippines, some 1,400 persons, 96% of whom are Filipinos, and that the total payroll for this year will run to P3,500,000. The Company's products, furthermore, are retained in virtually every town of any size in the country by some 1,700 dealers. These employees and dealers, together with their dependents, number no less than 15,000 persons who thus derive their livelihood from the activities of the Company.

Mr. Parrish then spoke of the wage and salary scales, the vacation and sick leave with pay granted to the employees, and the pensions paid them after their retirement for the remainder of their lives. But perhaps the most impressive of his statements was that the Company's tax payments under all headings in 1950 amounted to P28,014,000 and that for 1951 they will amount to P37,800,000.

This indicates to what an extent our large business firms have, in effect, become tax-collecting agencies for the Government, for, of course, taxes paid are a part of the cost which must be collected from the consumers.

President Quirino, in his remarks, extemporaneously delivered, stated that he was gratified by the spirit in which the new building had been constructed, giving expression to the Company's faith and confidence in the stability of the Government, the industry of the people, and the honest efforts the nation is making toward contributing to world advancement.

During the course of his remarks, he made one statement that somewhat startled his hearers,—that it "may perhaps be against our own (Philippine) interests" for a company like the STANVAC to "stay here indefinitely". He went on to explain that the presence of such an important company might tend to discourage the exploitation of the Philippines' own oil deposits, which, he said, were

*Population in 1939, 21,352; population in 1948, 987.

"extensive". Nevertheless, he declared, he would still welcome and encourage the expansion of such companies because, in any case, "it would take a long time to develop our oil deposits".

The President also referred to the "Parity" amendment to the Philippine Constitution which provides that the development of the country's national resources as well as the operation of public utilities shall be open to American citizens and business enterprises until the year 1974. He said that he had asked Mr. Parrish just before the ceremonies whether his Company would not be able to take advantage of that amendment, but that Mr. Parrish had said that the "period was too short".

"Perhaps that is right," said the President. He added:

"But if we were ready to approve the Parity Law, it was because we wanted Americans to come as soon as possible and enjoy a common enterprise to develop this country..."

We do not know upon what information the President relied in making the statement that Philippine oil deposits are "extensive", and we doubt that authoritative data on this important point is as yet in existence. Exploratory work is still going on and no considerable oil flow has as yet been discovered to our knowledge. A STANVAC subsidiary organization has shared in this work of exploration in the past and there is every reason to believe that the presence of STANVAC in the Philippines, and the development of the distribution aspect of the oil industry here would tend to encourage rather than to discourage efforts to obtain oil locally. This would greatly reduce the cost of transportation and there are other markets for the oil now being imported here.

The real discouragement to American oil development is, as Mr. Parrish told the President, the fact that the privileges extended by the Parity Amendment will expire within little more than twenty years. There are, furthermore, other discouraging factors operative in the Philippines which were described in some detail,—as it happens by Mr. Parrish himself, in an article in the December issue of this *Journal* entitled "Deterrents to Foreign Investment".

If only there could be an effective implementation of the views of the President as he further expressed them in his remarks on this occasion,—that association with those willing to cooperate with us in the development of the country should be welcomed, that equal protection of the law must be assured, that past prejudices must be revised, that a more positive outlook must be adopted!

The distinguished American businessman and Chairman of the United States Council, International Chamber of Commerce, George A. Sloan, was recently quoted as stating the following on the subject of economic nationalism:

"Countries that practice economic nationalism, where attempted self-sufficiency reduces trade with other nations to a minimum, are directly inviting inefficient, unhealthy production and a low standard of living. Yet economic nationalism is often invoked as the only method of safeguarding feeble economies from international bankruptcy. Such invocations place the cart visibly before the horse. Thus it is reassuring to note the extent to which the principle of international cooperation has been translated into practical measures in the operation of the Organization for European Economic Cooperation (OEEC), the European Payments Union (EPU), and the North Atlantic Treaty Organization (NATO).

"Finally, and this is most intimately related to the activities of OEEC and EPU, there is the Economic Cooperation Administration (ECA) program. ECA, as administered at first by my distinguished colleague, Paul Hoffman, and more recently by his successor, William Foster, has been of tremendous aid in postwar reconstruction. But reconstruction in most of the war-ravaged countries is now coming to an end. Construction is a more appropriate term in describing the big job ahead.

"We must be prepared to give new life and new meaning to the doctrines of economic internationalism which will assure the support of fair-minded people everywhere..."

"Our unrelenting work for a free and expanding world economy will provide a better life for millions of peoples. Individuals want jobs, happy environments in which to live, and an opportunity to develop. Business leadership with realistic understanding and cooperation from government is needed for the attainment of these goals. To this end we must work with other businessmen; we must work with governments; we must work with labor and agriculture; we must work with educators.

"The way in which businessmen accept the challenge may well determine the fate of civilization and freedom for decades to come."

Can a government try to do too much?

In suggesting a cure for Great Britain's recurrent balance of payment difficulties, **Can a Government try to do too much?** the authoritative *Monthly Letter on Economic Conditions and Government Finance*, published by the National City Bank of

New York, the basis of the suggested cure is taken to be the diagnosis that—

"Like most other countries today, she [Britain] is trying to do too much. At the same time that the Government is superimposing rearmament upon an economy already operating at full employment, it is pouring out money for housing, and fostering high civilian consumption by food subsidies and other expenditures of the welfare state. The result is an inflationary boom, with its accompanying rise of wages and prices, which is reacting in the classical manner on the balance of payments by encouraging imports and discouraging exports."

The *Letter* referred to is that for the month of November, put out shortly after the elections in Britain, and a manifesto of the Conservative Party (which won the elections) is quoted as saying in part: "We do not believe in an egalitarian society centrally planned nor in an economy dominated [either] by state monopolies or private combines". In the same manifesto, the Party promised to "do everything possible to stimulate production at home and to expand exports". There may, therefore, be an improvement in the British position before long.

The National City Bank *Letter* stated:

"In seeking the cure... a first step is to analyze the nature of the disease. The very suddenness of the plunge into the red, coming just at a time when the dollar gap appeared to be closing and sterling area monetary reserves were recovering, calls particularly for explanation. As usual, several factors entered in.

Among these factors, the *Letter* points out were (1) the outbreak of the Korean war and the consequent speeding up of rearmament and the bulge in raw material prices forced up the volume and cost of British imports, and the volume of exports failed to keep pace; (2) bad timing of stock-piling purchases,—too late and at top prices (another example that government planners are by no means as infallible as they are sometimes represented to be); (3) the loss of Iranian oil increased the need to spend dollars; (4) the crisis and the accompanying apprehensions tended to accelerate the dollar drain...

"However," states the *Letter*,—

"with due allowance for these special and in some cases possibly temporary factors, it would seem that other and more fundamental factors must be sought. One of the lessons of economic history is that chronic balance of payments difficulties can almost invariably be traced back to inflation. With internal purchasing power expanded too rapidly, the natural effect is to attract more imports, while at the time increasing the demand in the home market for goods that might otherwise be exported. Indications are that Britain is another example." (*Italics ours*)

The remedy, concludes the *Letter*, is clear: "It is government and private retrenchment... Produce more, consume less."

All the foregoing is interesting as an aid to understanding Britain's position, but it is of greater importance to ourselves as an aid to understanding our own position. The Philippines, too, has for a long time suffered from inflation and from the Government trying to do too much.