

Free trade is built on the sound doctrine that a country should utilize its labor and natural resources in the lines of production that could give it the greatest advantage and should buy from other countries goods that it cannot so advantageously produce. Although this doctrine is actually repudiated in the general practices and policies of governments, which have used the protective tariff as an instrument of national policy, this fact does not detract from the soundness and validity of the economic doctrine of free trade.

Akin to it is the policy of free enterprise that opposes in principle government control of business. Just as a nation or a community could desire the greatest gains from its commercial relations under a regime of free trade, so the business entrepreneur could attain its maximum growth and healthiest development under a free enterprise economy. However, we must realize that even the freest society under the complex economic conditions and problems of today requires some

THE GOVERNMENT'S POLICY OF

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degree of government control and certain forms of government regulation of business in order to serve the best interest and the common welfare of our interdependent society. Modern man can no longer say that "that government governs best which governs least". His complex existence necessitates social coordination and planning for which the authority and creative activity of government must be concerned with to protect the general welfare.

Thus we need laws governing franchises granted by the government to public utilities, laws prohibiting monopolies or combination in restraint of trade, laws regulating the operations of banks, insurance companies, exchanges and other financial institutions,

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laws punishing unfair trade practices, laws regulating the relations between capital and labor, pure food and drug laws, etc. These are normal forms of economic controls being exercised by governments. When unusual situations arise, like wars and other great calamities, and a state of national emergency is created thereby other forms of government controls and regulations are devised to meet such emergencies. These are temporary measures that remain in force for the duration of the emergency, such as: price controls, export controls, credit controls, import and foreign exchange controls.

It was such a situation that gave rise to the adoption of economic controls in our country after the last war. The

first Import Control Law, R.A. No. 330, was enacted on June 24, 1948 and put into effect on January 1, 1949 and the second, Republic Act No. 426, was approved on May 18, 1950. The objective was to conserve our foreign exchange through the reduction of non-essential imports and to channel the use of our limited supply of foreign exchange to the purchase of capital goods and other essential imports that were urgently needed to rehabilitate our war-devastated economy.

Exchange control was instituted by the Central Bank on December 9, 1949 following the tightening of import on December 1, 1949. When the Import Control Law expired on June 30, 1953, the control of imports was continued by the Central Bank by promul-

gating rules and regulations for the licensing of foreign exchange for the payment of imports.

As already stated, the system of controls that was adopted here in 1949 was intended to serve only as a temporary measure. I was Secretary of Commerce and Industry when the control system was started by the government in 1949. The duty and responsibility of starting the operation of the Import Control Law was assigned by law to the Secretary of Commerce and Industry as Chairman of the Import Control Board. Although it could not then be easily determined how long the controls as a temporary measure would have to remain in effect, the expectation was that the condition of the economy would gradually improve so that in not much longer than five or six years the controls would be gradually terminated.

It took, however, over twelve years before the system of controls reached its end and free enterprise was again restored to our country. Real decontrol came on January 22, 1962, twenty days after the new administration took over the reins of government. For the first time in more than a decade, the Philippine peso was freed to find

its own level in the open market and the licensing of foreign exchange purchases was totally abolished.

In taking this step and in announcing the government's policy of free enterprise, President Macapagal said: "We should clear the obstacles which have grown up in the past during the regime of controls, and liberate the energies and imagination of our peoples and our entrepreneurs for economic projects of lasting value to the country.

"In assuming our proper responsibilities, we shall be guided by the economic philosophy of 'Faith in the Filipino'. We believe that economic development is principally a task of private enterprise and not of government. The government's role is to create a favorable environment that will provide the inducements necessary, in terms of suitable policies and measures needed, to foster economic growth and stability. It must be in a position to devise new and effective methods, democratic in character and spirit, to induce the private sector—properly called the dynamic sector—to risk idle capital for development purposes."

With this clear statement of policy by the President, it can be expected that all obstacles to the complete restoration of

free enterprise will be cleared and that the remaining restrictions made necessary by the effects of the regime of controls that still have to be overcome will be gradually liquidated. Future policies will tend to strengthen and solidify rather than hinder the progress toward free enterprise economy.

Under the democratic system, the solution of our socio-economic problems has to be sought within the framework of free enterprise. As an economic policy, free enterprise operates to maintain and preserve the free market economy wherein the instruments of production are owned by private individuals and enterprises and the distribution of goods and services is governed by free market forces. The government will continue to exercise leadership in the economic and social advancement of the nation. It is the obligation of the government to set a high example of honesty and morality in the public service for those in private pursuits to emulate. The government must see to it that private property is respected, private contracts are strictly adhered to, peace and order are maintained, justice is administered with impartiality, and that currency which is the lifeblood of the

nation's economy is maintained on a sound basis.

In other economic systems like socialism and communism, government interference in any economic process is dominant. The economy is centrally planned and controlled by the governing authority. In the free market economy, market forces and price mechanism determine the operation of the economy. Voluntary cooperation of the citizens in all economic processes is its essential feature. These are the conditions that the present administration desires to create and institute in order to give real meaning to democracy under which the Filipino people must be governed and the Philippine government must be run.

The initial steps toward this direction have already been taken particularly with the launching of the decontrol program. Necessary measures and policies are gradually being instituted with the utmost care in order to cushion the effects of decontrol and to lessen the pains and difficulties that must necessarily attend the transition from controlled economy to a free enterprise economy.

Other steps that will be taken by the administration which will help to insure the free enterprise policy include

the orderly and consistent implementation of the government's five-year socio-economic program, and, particularly (1) the creation of conditions that will provide more income and employment to the people; (2) the attainment of self-sufficiency in the staple food of the people; (3) the maintenance of a balanced budget and discontinuance of deficit spending; (4) the pro-

gressive reduction of the public debts; (5) providing the proper incentives to domestic and foreign investments; (6) dispersal of most of the government-owned corporations to the private sector; and (7) "the establishment of policies that will strengthen the rural fiber of our nation and reintroduce those values that would invigorate our democracy."

THOUGHTS ON THE . . .

There is really nothing inherently wrong in working for one's individual welfare as long as the ambition to improve one's condition does not make him forget that he is a citizen, that he is a member of the community, that such membership binds him to all the other members, and so he is under an obligation to render positive assistance to his fellows and to his nation. The privilege of citizenship or of membership of a society irrevocably implies social relationships and mutual cooperation. The degree of fulfillment to which our social duty should take us depends upon our awareness of the moral nature of this obligation. We can disregard it just as some of us quite often disregard the promptings of our personal conscience. But if this prac-

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tice becomes general, if those who direct the national policies follow suit, the time will come when the social conscience will cease to respond to the clamor of the nation for genuine betterment.

The evils that beset us these days are largely traceable to that selfish ambition that entirely ignores the superior interests of the nation. In the pursuit of that spirit, some of our countrymen have come to worship wealth as the best means of acquiring everything in life including public offices and the fellowship of the high and the mighty. So with much money in their hands, ballots and offices are bought and public men are made to do their bidding. With nothing but personal prosperity in

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