

out that Import Control, as it is now exercised, goes far beyond the announced purpose of conserving foreign exchange.

B.—*Government Competition: PRATRA.* We brought out the fact that equally discouraging is the direct competition in retail trade offered by the government trading company which is known as PRATRA. The arbitrary power granted PRATRA to commandeer and practically confiscate property or merchandise from private individuals and firms is such as to give hesitancy to any potential investor. Government-in-business stands opposed to everything which the American system of free enterprise represents.

C.—*Unequal Collection of Taxes.* We referred to the recommendation of the Joint Philippine-American Finance Commission in regard to the more uniform collection of taxes. We stated that although American business in the Philippines is not objecting to the tax-rates at present in effect, it is our opinion that the legal requirements with respect to keeping books of account and the actual payment of the different taxes levied on business operations are not generally applied in such a manner as to effect a uniform collection.

Though businessmen believe that the present tax-rates are high enough to support the increasing cost of government, they fear that the rates may be raised unless more effective methods of collection are adopted. They think that it may happen that those businesses which now comply strictly with the accountancy and tax laws may be asked to assume an even heavier tax-burden, while less honestly conducted business will continue able to avoid taxation and to retain the competitive advantage which they thus hold.

D.—*High Manila Port Terminal Charges: Export Control.* We pointed out that the cost of handling merchandise through the Manila Port Terminal is very high and prevents the use of Manila as a distribution point in the trade of the Far East. We called attention to the fact that the Government gets a large share of the proceeds of the charges. We stated that in view of the present conditions in China, Manila has an opportunity to assume the handling of much of the trade formerly conducted through various China coast ports. We urgently recommended that the whole question of cargo-handling costs here be carefully studied and that improved methods be adopted wherever possible, at reduced rates. We also recommended that export controls be removed insofar as possible and that a "free zone" be established in the Port in order to encourage the use of Manila as an entrepot.

E.—*Labor Difficulties.* We submitted that the present methods of settling labor disputes were very unsatisfactory. We pointed out that the Department of Labor and the Court of Industrial Relations are without real authority in enforcing their decisions in respect to the labor unions. We also stated that decisions of the Court in a number of instances have followed the expressed policy of making awards to labor on the basis of the ability of the employer to pay,—which is obviously both uneconomic and unfair. We pointed also to the difficulty currently experienced by contractors and others in connection with the termination of the employment of their workers when the work for which they were hired has been completed. We emphasized that satisfactory solutions to the

problems thus posed would be a very important factor in inducing foreign capital to enter the Philippines.

F.—*Threat of Discrimination Against Foreign Technical Men.* We referred to the disposition shown by the Congress of the Philippines to pass legislation which would restrict the freedom of possible investors in bringing here engineers and other technicians experienced in their various lines of activity and how this causes fear on the part of such interests that their investments could not be properly supervised.

G.—*Attacks on the Bell Act and "Parity".* We spoke, finally, of the frequent attacks made on the Philippine Trade Act of 1946 (the Bell Act) and on the so-called "Parity Provision", which lead possible investors to doubt the security of investment here. We stated that we felt that much might be done to allay such fears if the President and other officials would when occasion arises forthrightly point out the many advantages embodied in the present Philippine-American trade relationship. Unanswered charges that these relations were "forced" upon the Philippines and that they are designed to benefit American citizens at the expense of the Filipinos, have caused ill feeling toward the United States and has caused Americans to question the stability of political and economic thought in the Philippines.

We declared that we felt that the President, with the high-level conferences he would hold in the United States and with the extensive publicity which his visit there would doubtlessly receive, could give strong support to the various proposals and suggestions we had made and could do much to counteract the conviction being established in the United States that American capital and enterprise (the two must go together) are being discriminated against, as was indicated in recent articles in *Fortune* and the *Wall Street Journal*. We said that the statements made in these articles might possibly be refuted, but that the fact remains that worry and mistrust exist, and for cause.

Finally, we stated that we felt that mere friendly statements from both sides concerning American investment here could not fundamentally change the present situation, but that certain positive actions would have to be taken.

We ourselves pledged our full co-operation with the President in the effort he is engaged upon to improve present conditions and to strengthen the mutually advantageous bonds which still unite the two nations.

We ended by wishing His Excellency, the President, a safe voyage, a successful sojourn in America, and a happy return home.

"All Feasible Assistance" to the Philippines

Official White House Statement of August 11.

THE President of the Republic of the Philippines and the President of the United States of America have met at Washington and discussed at length problems of common interest to the two nations.

The spirit of these conversations has reflected the historic and unique relationship between the two countries.

As in the past, it was the aim of the United States that the Philippines should assume its rightful position as a free and self-reliant member of the world community, so today the United States looks forward to the preservation and strengthening of the

position the Republic of the Philippines has achieved in order that it may make its full contribution to that community.

It is recognized that the capacity of the Republic of the Philippines to live up to the high hopes which the events of the past three years have kindled must depend in part upon its economic situation.

The two Presidents have discussed measures for the reinforcement and development of Philippines economy in the terms of recommendations of the report of the Joint Philippine-American Finance Commission, issued in 1947, being convinced that the economic progress of the Philippines will be not only in

the immediate interests of the two countries, but will contribute vitally to the determination of free peoples to resist those forces which seek their enslavement so long as that menace shall threaten.

The two Presidents are agreed that this resistance will be most effective in areas where the material well-being of the people allows full appreciation of the meaning of freedom and that conversely it is among peoples who have abandoned hope of individual betterment that least resistance will be offered to those perverted forces which would destroy the ideals to which the two nations are dedicated.

American Aid to the Philippines

Past, Present, and Future

By Ambassador Myron M. Cowen

AS a result of many years of experience, with countries in different parts of the world, my Government has come to certain conclusions concerning the most effective ways in which one country can aid another. These conclusions are as follows:

(1) The type and amount of such aid should be determined in light of the needs of the receiving country and the ability of the contributing country to meet these needs. As the predominant needs of a country change with the passing of time, the types of aids by the assisting country must change correspondingly if the best interests of the beneficiary nation are to be served in each of the successive stages of its development.

(2) The most permanently beneficial type of aid for a nation, as for a human being, is that type which is so planned and administered as to promote growth and self-development toward the ultimate goal of complete self-reliance. Aid which tends to prolong immaturity and dependence, in any phase of a nation's life, will prove, in the long run, to be more of a curse than a blessing, regardless of its immediate benefits.

(3) Aid by the contributing nation should not be a substitute for, but a supplement to, self help by the beneficiary nation itself. It should be accompanied by vigorous, sustained, local effort to utilize in maximum degree its own natural, human and capital resources. It should be the marginal increment which represents the difference between complete and partial success of the beneficiary nation, after it has done all it can for itself.

My Government, in its programs of aid to the Philippines in the past, has followed these three principles to some extent. In its future aid programs it is planning to follow them more closely.

UNITED States aid to the Philippines in the past can be divided roughly into three types, corresponding to the paramount needs of your country in the three general periods of its history.

The *first period*, I have in mind, runs from March 16, 1900, when President McKinley appointed the Second Philippine Commission for the purpose of instituting civil government in the Philippines, to the invasion of the Philippines by Japan in December of 1941.

We might call this the trusteeship period, during the last six years of which, the country, as a Commonwealth, enjoyed virtual independence except for military and foreign affairs.

During this 41-year period, the over-all purpose of American aid were *first* to help the Philippines establish a democratic form of government and way of life suited to its needs and desires and *second* to prepare the country through guidance, training and experience to become a stable, prosperous, independent state. Specific types of aid during this period included: protection of the territorial integrity of the country; protection against excessive immigration from neighboring countries; guidance in the drafting of a constitution and the development of a governmental structure with executive, legislative and judicial branches; assistance in the development of a civil service to provide a permanent body of efficient public servants capable of

The President of the Philippines has expressed the determination of his country to pursue with vigour the courses of action which offer the greatest promise.

The President of the United States has reiterated the desire and intention of the United States to render all feasible assistance.

The United States will continue to watch sympathetically the efforts of the peoples of Asia to forge stronger ties of economic co-operation and collaboration to hasten the progress of self-government and to preserve their freedom.

administering the government in a manner to contribute to national stability and progress; assistance in the establishment of a system of public education which we considered indispensable to successful self-government; and assistance in the establishment of modern systems of public health and social welfare to reduce disease, increase length of life and promote that physical health and energy on which alone could be based a sound and sturdy national development.

These different types of assistance the United States contributed to the best of its ability, through the services of some of its leading statesmen, jurists, economists, educators, engineers and technicians in many fields.

The *second period*, covers that nightmare period of Japanese occupation which began with the arrival of the first enemy troops in Aparri in December of 1941 and ended with the unconditional surrender of the Japanese Imperial Army in Baguio on September 3, 1945.

During this four-year period, the type of assistance overshadowing all others in urgency was military aid in liberating the country from the yoke of a brutal and oppressive conqueror. This assistance was forthcoming as soon as adequate men and material could be made available and the intervening island groups reclaimed.

To liberate the Philippines and defeat Japan involved, in addition to the indomitable aid of Filipino guerrilla groups and the invaluable assistance of the Australian armed forces, a fighting force of more than 5,000,000 United States army, navy, marine corps and airforce men. Victory in the Pacific was won at a cost of 300,000 United States casualties and the expenditure of many billions of United States money which, for years to come, will constitute a tremendous debt to be carried, and ultimately amortized, by the United States tax payer.

Thus did the United States fulfill its promise to use its manpower and resources to help liberate the Philippines.

The *third period*, we might call the period of reconstruction running from 1945 through 1951.

During this six-year period, which is now drawing to a close, the predominant need has been for United States money and technical assistance to supplement Philippine funds, natural resources and manpower in the reconstruction of your war-shattered country. Public buildings and private homes had to be rebuilt, bridges, roads and docks reconstructed, public services re-established and the wheels of the economic life of the country set in motion. To this great reconstruction undertaking, the United States, by the end of 1951, will have contributed under present authorizations, \$1,244,000,000 and the services of nearly 200 technical experts.

In addition to the foregoing amount of money which covers only the total of outright grants and relief, the United States Government will have spent over \$2,500,000,000 in the Philippines from V-J Day through 1951. This money which has been and still is being spent for wages, purchase of local supplies, and miscellaneous military expenditures has gone, and will continue through 1951 to go, into the nation's total economy, thus assisting very materially in the post-war task of setting in motion the economic processes of the nation.