

# The Manila Guardian

INDEPENDENT FILIPINO MONTHLY MAGAZINE FOUNDED IN 1937

***In This Issue:***

## **OUR FIRST FIVE YEARS**

*By Pres. ELPIDIO QUIRINO*



## **TOWARD PEACE AND ORDER**

*By RAMON MAGSAYSAY*



## **GROUP BEHAVIOR & ECONOMIC SALVATION**

*By GIL J. PUYAT*



## **OUR SOCIAL WELFARE PROGRAM**

*By ASUNCION A. PEREZ*



## **TAXATION, PRODUCTION & PROSPERITY**

*By ANDRES SORIANO*



## **LANDLESS GIVEN LANDS**

*By CONRADO UY*



*President* ELPIDIO QUIRINO

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# A FRIEND

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**TABLE OF CONTENTS**

	<i>Page</i>
EDITORIALS .....	3
OUR FIRST FIVE YEARS .....	4
<i>By Pres. Elpidio Quirino</i>	
TOWARD PEACE AND ORDER .....	5
<i>By Ramon Magsaysay</i>	
GROUP BEHAVIOUR AND ECONOMIC SALVATION .....	6
<i>By Gil J. Puyat</i>	
OUR SOCIAL WELFARE PROGRAM .....	7
<i>By Asuncion A. Perez</i>	
"THE TASK FOR ALL FREE MEN" .....	8
INDUSTRIALIZATION, PRODUCTION AND PROSPERITY .....	9
<i>By Andres Soriano</i>	
LANDLESS GIVEN LANDS .....	11
<i>By Conrado Uy</i>	
CONSIDER THIS .....	11

OUR COVER: A nation's march is determined to a great extent by its chosen leader, in our case, by President Quirino, first to be elected as such under an independent Philippines.

**EDITORIALS:****FIVE YEARS AGO**

Five years ago, while still licking her wounds from World War II, the Philippines gained her rightful place in the concert of free nations. It was not a very auspicious start — sorrow, hunger, destruction and disorder loomed large in the picture. But in spite of these the Filipinos welcomed freedom with the pent-up feeling of gladness that four hundred years of foreign domination only could build. If there was want in the material things of life, there was plenty in hope and inspiration.

Five years ago today we can look back with pride what we as a nation, living freely and thinking independently, have established. On the economic side we have made strides toward self-sufficiency. True enough there are still among us people who live in want and poverty but the opportunity for self-improvement is nevertheless with us. Our governmental structure has its bastions of strength as well as doors of weakness. Graft and corruption have not been totally eradicated, complete peace and order are still a hope and social stability a goal.

We have had more than our share of the problem of communism which other freedom-loving nations like us are fighting against. With equal determination we are doing everything we can to drive it away from our midst.

In international relations we seek nothing but peace and friendship with those that obey the law of nations. We have nevertheless spontaneously supported the cause of weak nations against aggressors as shown in our sending of our boys to Korea.

Five years in the life of a nation may not be much to be reckoned with. But we treasure it not so much in accomplishment as in our united desire to preserve the liberty that we have fought so long to gain.

**WE PROTEST**

Typical of the protests of all elements in the Philippines against the proposed Japanese peace treaty as engineered by Ambassador Dulles is the stand of the Philippine Ex-Political Prisoners' Association which says in part:

"This organization unanimously and unequivocally voices its objection to the proposed Japanese peace treaty on the ground that it is designed to benefit the conquered and deprive the conqueror of the fruits of victory. We cannot afford to be too magnanimous to a nation that sent its soldiers here to butcher innocent men, women and children. We cannot forget the Death March and Fort Santiago. Japan must pay if only to atone for the misdeeds it has done to our people."

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# OUR FIRST FIVE YEARS

By Pres. ELPIDIO QUIRINO

This is an entirely new afternoon of our Glorious Day as a nation. As we watched in proud review the massive power of the twin basic supports of the nation — the soldier and the worker — a sense of security crept into our being. We have been made to feel that there is added strength in our sines. And our hearts beat to one rhythm of faith.

In this beautiful spot symbolic of our new endeavors, overlooking the hallowed grounds made rich with the holiest memories of heroic deeds and noble acts of freedom, something enchants our soul. Undoubtedly our happy attendance here affirms the validity and vigor of the Republic we established five years ago, and the free institutions that give it substance and force.

We can now tell the world that in the first five years of its life, our Republic has successfully stood the doubts of bystanders and the untruths of its enemies. And the reason lies in the intrinsic integrity of the nation. This integrity has been in many instances misrepresented, but we have shown its indestructibility because it has been built of ample and devoted investment in blood, tears and treasure of all our generations past.

It is curious that we have been able to testify to the vigor of our Republic close on the heels of recent dogmatic predictions of its rapid deterioration and early collapse. Instead of discouraging us, those dire predictions exercised a potent effect in reinforcing our people's determination to prove the contrary. It simply reveals one peculiarity of our people, that we do not discover our latent reserves of strength and staying power until we are faced with the challenge to survive.

Day by day, we now realize that there is no special virtue in survival for its own sake. Thus we do not struggle just to survive; we seek to survive for the opportunity to remain free — free to fulfill our genius as individuals and as a people.

And the fact that we have survived so far makes it pertinent to affirm anew why we should continue to want to do so. An anniversary like this today therefore calls for a fresh statement of our long run outlook.

We aspire to live not for this age alone, nor by ourselves alone. If we are to retain the freedom that we

value and for which we want to survive, we must continually commit ourselves in daily thought and action to the duty of maintaining the healthy exercise of our civil rights and liberties, of upholding the dignity and worth of the human person, of restoring the full sense of community life among neighbors and among nations.

Fortunately, our Republic has won a respected place however modest in the family of nations. It is known all ways to have responded to its commitments as a responsible member. Because of its sense of community, it has identified its voice with every argument for self-determination of small peoples, for resistance to aggression, for broad human rights. Knowing that there can be no half-way house between slavery and freedom, it has ranged itself on the side of the free world and is contributing its share of the sacrifice to keep it free. This is why our boys are fighting in Korea.

We have no pretensions to impose on our neighbors by claiming any special wisdom. We tell no one how to run his own house; we just see to our own, set it in order and seek to show thereby the merits of our democratic system in which we hope to grow, developing our potentialities to the limit. We sponsor no hate drives. We organize no smear campaigns. We have always endeavored to maintain the friendliest understanding and cooperation. We take the chance when we can to form a positive basis for increasing common counsel on problems easier to resolve by common action. This is why we invited our neighbors to the Baguio Conference of 1950.

In desiring to achieve peace for ourselves and with our neighbors, we are resolved to make our social order a direct expression of the peace in our spirit, which we distinguish from mere insensibility and consequent stagnation. This means a continuing effort, a continuing conflict even — but a conflict productive of creative change, of creative peace.

Destiny has thrown us into a special relation with the United States. We can say for today that that relation has had something to do, in addition to our own efforts, with the large measure of our recovery from the war, with the security of our freedom and stability of our democratic institutions. There can be no false

pride about this fact, nor feeling of subservience to a friend who unselfishly recognized our right to be free and stay free. America and the Philippines have a common objective which we now regard as a mission — to extend the borders of democracy everywhere.

In a shrunken and shrinking world, people have to get used to the fact, not so much of independence absolute and complete, as of interdependence and mutual assistance that nourishes human dignity and self-respect. And this is why we are a loyal and active member of the United Nations.

We have looked upon the battle in Korea as a struggle for peace, the peace of the world, and the peace of mankind. Our world community life can only be maintained in an atmosphere of universal tranquility; and as long as one group of nations disturbs that tranquility for any motive, economic, military, or ideological our individual life as a nation will always be menaced.

We long for the day, the arrival of that moment, when once and for all, in the battlefields of Korea, the belligerents may come to an honest understanding — with the interests of peace safeguarded and the unification and liberation of the Korean people assured. We are, therefore, for the immediate cessation of hostilities and the honest settlement of the issues that have made our present world one of turmoil and senseless loss of life, property and human values.

We want to live a life of substance so that we may be never a liability, but an asset to world prosperity and advancement. This is why we are engaged in total economic mobilization. Our initial efforts are bearing sufficient fruit to show we are on the right path in attacking poverty by organized production. The gradual conquest of poverty along with more equitable sharing of the fruits of production strikes at the root of social discontent.

Our efforts for the mobilization of our productive resources will continue to be planned, the state using its main strength to determine indirectly the broad level and conditions of economic activity and to make a success of projects clearly its own responsibility.

In striving to create plenty as a means to root out discontent, we are

not merely providing our people with a life of substance and contentment and a guarantee to the preservation of our freedom. We are creating the condition of our country's growth and continuance. A high living standard is, of course, not enough. Man will want more than bread to live by.

The future of a free social order in this country depends on the kind of men it produces. Judging by recent events reflecting social convulsions, there can be no telling whether tyranny may not enter upon this country. The only bar against it is a large breed of resolute men.

It is the greatest challenge and opportunity of our times to continue producing that large resolute breed, by whose consistent practice of democracy our sense of the value of the individual can be kept alive and strong, by whose loyalty to it our relation to our kind can remain square and fruitful and rich.

We are determined that our citizens will not be deprived of their meaningful role in our social order. We are determined to democratize the benefits of our free institutions, lifting those below to the level of prosperous civilized life. Democracy being a process, not a conclusion we accept our commitments to it as a continuing, endless experience. Thus our program of action, is of long-range, requiring resolute men of vision to carry it to fulfillment.

Democracy has often been taken by its enemies as another name for division. Indeed, a frequent threat to democracy is division. We cannot deny, that in our national life we have had and undoubtedly will have, moments of disconcerting division.

But it is also the virtue of our order that such moments of division are more apparent than real, and that, in the perilous hour, it is the free consideration of a generous diversity of outlook that best prepares us for decision and united action. We have shown our maturity in this regard.

Wherever democracy is a fighting creed, such diversity of outlook anticipates its most historic resolutions and decisive victories.

And so it is a part of our commitment to democracy that we constantly practice patience and tolerance with its seemingly slow processes arising from differences of opinion, conflicts to individual aspirations.

(Continued on page 13)

# TOWARD PEACE AND ORDER

By RAMON MAGSAYSAY

Sec. of National Defense

ON the fifth anniversary of our independence, force of arms still makes up the government's basic policy in its fight for existence. Twenty-four battalion combat teams now bear the brunt of communist-inspired and communist-led depredations in our towns and barrios. The 10th BCT, which is now of international renown, and the 20th BCT, which is scheduled to relieve the Philippine Expeditionary Force, make up the contribution of the Republic to the struggle abroad for the perpetuation of our way of life. Prior to our assumption of the responsibility to maintain peace and order in the country, there had been statements that the "situation is under control." Those declarations were from the military point of view, sound but premature.

Since the first of April, last year, we have followed a two-pronged attack which did not leave the problem of peace and order discussible only in military terms. We have adopted two general principles: the policy of attraction, aimed to bring back the dissidents into the folds of the government; and the policy to meet force with force, aimed to destroy the HMB diehards who, unyielding, seek to overthrow the government by armed means.

It is pursuant to the policy of attraction that we founded the ED-COR (Economic Development Corps), a land settlement project designed to give repentant dissidents as well as needy families in congested regions an opportunity to devote their time and energy to productive pursuits and to acquire lands they can call their own and cultivate.

To supplement this project, we have established a carpentry shop where-in ex-Huks with optitude in this craft are induced into productive effort. Now in operation, the shop has become the source of tables, chairs, and other office equipment of the Armed Forces. It is manned entirely by former dissidents, among whom are former high-ranking Huks. I am glad to observe that they, like those now engaged in our land project in Capatagan, Lanao, are happy in their work and are becoming useful citizens. We have been helping the families of captured Huks by giving them food, clothing, money and medicine. In fact we are following the

system of aggressive military operations by using the military might of the Republic coupled with tact, diplomacy and human understanding.

In our psychological warfare, which the department is pursuing with progressive intensity, we have reached the people not only through the press and the radio. We have also gone direct to the people through community assemblies held even in remote towns and out of the way barrios. We have not stopped there. The government's long-drawn project of collecting loose firearms is now in full swing, through congressional authority, to purchase them.

The Armed Forces of the Philippines has undergone radical changes in what many consider is a sweeping reorganization. The purpose should be obvious: to eliminate dead-woods, throw into operation the energetic and courageous men who are ready to give up everything they have in defense of the democratic way of life, and to sacrifice even life itself to regain the confidence of the people in the Armed Forces and in the government.

By its organization and training, the Armed Forces of the Philippines is primarily for stabilized warfare. To adopt it for the type of enemy it is engaged with, we have resorted to various tactics, including the unorthodox, and had to organize such special units as the Commandos, Scout-Rangers, and even canine units. In the aerial phase of our operations, we likewise have found it necessary to resort to the employment of napalm bombs of our own manufacture.

In the naval phase, the Philippine Navy has formed the nucleus of a Marine Combat Battalion to fight the dissidents and at the same time our naval patrols actively guard our coastlines and sea lanes against the smugglers, either of contraband goods or aliens.

Sometime ago, the Department of National Defense purchased and issued to the AFP's combat units a total of 2,000 cameras for the purpose of documenting the Huk casualties inflicted by our forces. Official records compiled by the Armed Forces with the help in many instances of these cameras, show that from April 1, 1950, up to June 22,

this year, the HMB has lost, in a total of 1,286 encounters, an aggregate of 5,269 men, as follows: Killed—2,794; Captured—1,458; Surrendered—1,017. During the same period, the HMB has likewise lost a total of 3,137 firearms, all of which were either captured or confiscated by, or surrendered to the Armed Forces.

The Judge Advocate General's Office, being the legal arm of the armed forces and servant of the people, has been vigorously championing the cause of the tenants in the operation of the 70-30 crop-sharing tenancy law. Representatives from this office in cooperation with Civil Affairs Officers in the field render the maximum assistance within the bounds of law to all tenants who are aggrieved, one way or another; by their landlords. Complaints of the people against the armed forces have been investigated expeditiously with no attempts at "whitewash." The guilty parties have been punished to the fullest extent of the law.

What other things the current campaign has so far succeeded to accomplish is probably for the public to say. I shall merely add that in this campaign we have not confined our work to engaging the HMBs in combat. We have, as the people know today, also conducted a drive against the local Communist Politburo and against the country's economic saboteurs which has resulted in the busting of the huge dollar smuggling syndicates and the breaking of organized arms smuggling rings.

We do not intend to deviate from our policies. This movement which has been masquerading as a campaign for agrarian reforms has been completely unmarked by our Armed Forces. Our people now realize that it is a movement that must be stopped if our freedom is to be preserved. With every Filipino citizen who treasures his liberty helping the Armed Forces in the restoration of peace and order, we can expect to conclude the military phase of the problem in one course.

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# GROUP BEHAVIOUR AND ECONOMIC SALVATION

By GIL J. PUYAT

A YOUNG boy reading his history book will not fail to notice in the historical annals that since the days of our founding fathers, the commerce of this country has always resided in alien hands. Since the turn of the century, with the advent of the Commonwealth, and then lastly with the establishment of the Philippine Republic, Filipino leaders both in public and private life have sought means to place that control in the hands of the Filipinos. More recently, the Import Control Act was approved by Congress with the evident and bold objectives of placing that commerce in the hands of Filipino businessmen within the span of a few years. In spite of all these desires, objectives and legislation, the facts indicate that the local pattern of business remains unalterably changed. Further, many people have commented and not without foundation, that if the participation of the Filipinos in the commerce of this country was small before the enactment of the Import Control Law, their share in that commerce after this law has been in operation for almost two years is substantially less today.

The Filipino produces the rice that we eat. The consumers are the 18,000,000 Filipinos. The control of the business of this particular cereal resides in alien hands. By law only Filipinos and Americans can become timber concessioners in this country. But the lumber industry is controlled by aliens. Daily you read in the paper the licenses approved by the PRISCO and the ICA and no doubt you will have noticed that for every one Filipino license there are 10 alien names that you read. When I was a small boy the carinderia was a Filipino monopoly. The carinderia has disappeared and it has been replaced by the pansiteria. There are however some business which the Filipino businessmen control with a strong grip. They are the sole and only operators of cockpits throughout the country. The two racing clubs in the country are controlled by Filipino businessmen. I am intentionally and pointedly being a caricaturist in the choice of my examples because I want you to see the contemporary picture of the business life in our country in its ugliest outlines.

But I know that the picture need not remain that way forever, nor for a much longer period of time. The

Filipino has been fairly successful in the sugar industry. He is making appreciable and notable progress in the moving picture industry. The transportation field which was the exclusive domain of foreigners before the war is indicating a growing and widening participation on the part of Filipino operators.

I am one of those who experience unbounded satisfaction when I see new local industries sprout as a result of the operation of our systems of controls. The manufacture of cigarettes made of Virginia tobacco, the nail, cosmetic and garment industries are some of the resultant industries which can be attributed to the operation of our controls. But when you consider that controls are not intended to be a permanent and are at best temporary solutions to contemporary economic ills and maladjustments, I shudder at the thought of how many of these industries may have to collapse if the protection and the backing provided for by the controls are withdrawn. In such an environment, long-range planning is

not possible. Under such circumstances, the businessmen undertake a lot more than calculated risks. In such an economic ambient the future of such industries becomes dubious, unpredictable, and actually risky.

We must therefore seek the reasons why we have been in the minority in our commerce all these years and then proffer the remedies which will make the Filipino dominant in the domestic business life.

The economic development of our country is intimately intertwined with our struggles for political emancipation. While we were a subject people, our leaders, young and old, channeled their intelligence and their resources into the various avenues that would obtain for us political statehood. It was no wonder, therefore, that most of our brilliant and promising young men were attracted into government service, into politics, or the professions. As early as 1925, when I took up commerce in the State University, many of my friends, in the utmost sincerity and candor, told me that I was wasting my time. The

best example that training in business is unnecessary was my father's and other Filipino businessmen's careers, people who without business training achieved their measure of success in business. To which I answered that these gentlemen were successful not because of their lack and inadequate training in business, but in spite of these handicaps. The recent growth of local Universities is encouraging. More encouraging to us businessmen because the emphasis has been on business courses. But I am afraid that unless there be a re-orientation in the curricula of these different universities time will come when bookkeepers and CPA's will be as cheap as the much maligned obituous lawyer.

But the Filipino graduate in business must not be content and satisfied by becoming a mere employee if he aims to translate his business training into increasing Filipino participation in the commerce of his country. He must set out and strike for himself. His initial attempts may prove fatal. There will be many setbacks. Our hope is that their continued trials and hardships will harden and toughen him and prepare him for the cruel test of competitive businessmen.

Let us go back to the rice industry. The producer of rice is the Filipino. But between the production and the use of that rice by the consumer, is the alien financier who offers the necessary financial assistance to tide over the producer before he is able to convert his commodity into cash. The same pattern exists in the copra industry. In lumber while the Filipino is the concessionaire and does the logging, the alien financier tides him over before he is to convert his processed product into cash either in the local or foreign markets. In most of these cases, we can almost pinpoint the reasons why the Filipino producer has to seek the aid of the alien financier. Under capitalization or inadequate operating capital. If we really want to change the Filipino position in these activities where he is now in the minority, our government must take positive and bold and courageous steps. If the Filipino suffers from inadequate financing, then, the government must be prepared within the limits of normal and foreseeable safeguards, to help him out precisely

(Continued on page 8)

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# OUR SOCIAL WELFARE PROGRAM

By ASUNCION A. PEREZ

**S**Ocial welfare in the Philippines has its beginning in an organized charity work as early as the 16th century when the Spaniards came and established churches and convents. These churches and convents drew financial support from pious individuals who were encouraged to give for the unfortunate as a religious duty. Organized social work in this country was established only with the inception of the American regime at the turn of the century.

At that time many private welfare agencies were established, among the American Red Cross chapter (1905), the Gota de Leche (1907), Boy Scouts of America (1910), the Philippine Anti-Tuberculosis Society (1910), Young Men's Christian Association (1911) and the Asociacion de Damas Filipinas (1915), but it was the church and private individuals who continued to give material assistance to the needy.

In 1917, the Associated Charities of Manila was established under the leadership of American residents in the city and for the first time an organized attempt was made to rally the whole community behind a program of assistance to the needy.

In the meantime, the government created in 1915 a public welfare board to study, supervise and coordinate the efforts of all government agencies and private organizations interested in social welfare. The only government entity engaged in social welfare work then (1917) was the government orphanage which is known as the Welfareville Institutions, now a part of the social welfare administration.

The government granted subsidies early as 1922 to the Associated Charities of the Philippines for assistance purposes and between 1934 and 1938 was established a national unemployment commission which, in 1940, was reorganized into a national security administration and an agency directed mainly toward the solution of unemployment.

The government assumed for the first time its responsibility for public welfare when it formally took over the Associated Charities of Manila on May 31, 1941 to form the nucleus of the public assistance service of the bureau of public welfare. The state had at last recognized its obligation to provide the individual with the minimum basic needs.

On Dec. 8, 1941, the Pacific War broke out.

The war years temporarily set back the government's program for public welfare but after liberation the trend in social welfare has been for the state to assume more and more the burden for a long-range welfare program by creating the social welfare commission (1947) to replace the former bureau of public welfare, the war relief office (1946) for the relief and rehabilitation of indigent war victims, and the President's Action Committee on Social Amelioration (P.A.C.S.A., 1948) to ameliorate the living conditions of the people living in the rural areas, particularly the tenants and landless farmers. On January 3, 1951, all these agencies were integrated into what is now known as the social welfare administration.

Geared to public welfare is the expansion of activities from the urban to the rural. During the last five years, the national social welfare policy has been to develop social welfare services in rural areas, done

through establishment of branch offices in almost all provinces in the Philippines and the launching of a comprehensive rural welfare program in connection with land settlements. Previously, public welfare seemed to have focused its assistance program on the individual. Today, such activity is viewed from the community angle and more and more emphasis is toward total improvement of community living.

While the tendency of the government is to meet the physical needs of the individual, voluntary social welfare agencies like the Philippine National Red Cross, Girl and Boy Scouts of the Philippines, the Young Men and Women's Christian Associations, the National Federation of the Catholic Women's League and other private institutions and civic organizations tend to concentrate their efforts on meeting the spiritual and mental needs of the people. Special efforts are made to provide the less fortunate with social amenities of life such as social and recreational activities which are a neces-

sary part of enriched living. The emphasis has been on social welfare activities of preventive nature.

To complete the picture of contemporary social work in the country, mention here is made of the organization in 1949 of the Community Chest and of the Council of Welfare Agencies.

In both government and private social welfare activities, a wider scope is given to citizen participation. The use of voluntary services in public welfare is now more and more accepted and community organization as a method in public administration is becoming more and more popular. A concrete step in this regard was taken in 1949 with the organization of the Community Chest of Greater Manila and the Council of Welfare Agencies.

Today we are keenly aware of the need to develop new community resources to meet the people's increased social needs. Social workers therefore do not only participate but actually assume leadership in community social planning and social action in order to attain a social structure within which such social needs shall be remedied, reduced or eliminated.

The social welfare program in the Philippines, just as it is in any other country, is dependent in its progress on social legislation which forms the legal basis of such services. In this field, as in any other field of social welfare, the Philippines has made strides which are definitely progressive.

Social measures providing for the establishment and maintenance of provincial hospitals for children, maternity clinics, the purchase and apportionment of the estates to the public, the payment of backpay to government officials and employees, the G.I. Bill of Rights, and the reopening of public schools in rural districts have contributed to the rehabilitation and reconstruction of war damage in the Philippines.

The Philippine government, to implement these laws, has also approved corresponding appropriation of funds and created offices and appointed commissions on committees for the supervision and enforcement of such measures. However limited appropriation of funds might be, it still is a manifestation of an accept-

(Continued on page 12)

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## GROUP BEHAVIOUR . . .

(Continued from page 6)

during these period when financial aid is most necessary. When a man does not feel well he goes to his doctor to seek medical advice. When a businessman is in financial difficulties he should seek the counsel of his banker. But this is something that does not happen in our country because the businessman who consults his banker about his difficulties will most likely receive not counsel, but a demand for payment.

I therefore make these suggestions:

It would be a constructive piece of service to our economy if both the government and commercial and said bodies, such as this chamber, would undertake a comprehensive study of the different industries that are now controlled by the aliens and examine the facts that have led to this control. Knowing these facts, it would then behave the Filipino businessmen to provide the solution, if they desire to participate more dominantly in these now alien-controlled industries. The National Economic Council could play a leading role. I am reminded of the studies conducted by the late Gregorio Anonas, that respected and esteemed manager of the National Development Co. of the shoe industry in Marikina and how this industry has been controlled by alien retailers in Gandara and in that neighborhood. The results of these studies were revealing. Studies, such as these, will be eye-openers and will be great aid in improving our position in the domestic trade.

As a supplementary study, I suggest that both government and private businessmen go over our Customs records on imports and determine what other new industries could be established here. A study like this will reveal that several other industries could be established with more than a reasonable degree of success, because we have transportation costs, lower taxes and lower labor costs on our side. The garment industry is one such example. Shirts and men's underwear are now being made here. Why can't this be extended on a bigger scale with regard to women's requirements? This is one industry where the opportunities seem to be wide and varied. Incidentally the garment industry is one of the biggest in the United States and is a leading industry in the City of New York.

A short while ago (I made reference to the problems to which newly established industries are exposed which depend solely on the controls for protection and support.

I will now refer to the necessity

of revising the provisions of the Bell Trade Act to which this chamber was, strongly opposed when the Bill was presented to the Filipino people for discussion. At that time, this chamber took the stand that there are many provisions in the Act that operate only one way, and while the advantages offered to the American businesses were unlimited, we on the other hand, were subjected to allocations and quotas. But the most important point which we pointed out was that a continuance of the free trade relationship with the United States without any qualifications would retard the industrialization of the country. While realizing that we are still in the agricultural stage of economic development, this is no hindrance of obstacle to our executing or implementing a plan of industrialization, a state of development which sooner or later must have to come as the population of this country increases and the dependence of the people on agriculture declines. A study of the economic development of the most progressive countries of the world today indicates that while the agriculture of these countries takes care of the bread basket of the nation, their industrial activities provides the additional production which enables these countries to increase their national income, improve the standard of living of their population, broaden the occupational base and stabilize their currency positions. The Filipinos should not and can not miss the lesson that is taught by the economic development of these progressive countries. I am glad that the government has taken the initiative to focus studies on the possible revision of the provisions of the Bell Trade Act. We would be performing constructive service if we aided the government in expressing our views on this possible revision so that we may place the economy of our country on a more sound and better balanced basis.

In this possible revision, careful thought must be given to selective free trade and to a revision of the ration of the peso to the dollar, to place us on more competitive basis with our neighbors with regard to foreign trade.

After discussing the background, business practices, problems and legislation, it is still my humble and considered opinion that the one party that can evolve a change in our local economy is the Filipino businessman himself. I grant that he is plagued with defects, but he can undress himself of these faults and evolve a new personality. It has been said that the Filipino business-

## TASK FOR ALL FREE MEN

Text of President Truman's July 4, 1951 Message on the Occasion of the 175th Anniversary of American Independence.

ONE hundred and seventy-five years ago today the Continental Congress declared the United States of America to be a free and independent nation.

The new nation—in the words of one of its greatest Presidents — was "conceived in liberty and dedicated to the proposition that all men are created equal."

Today, Americans rededicate themselves to the ideals upon which our nation was founded. We rededicate ourselves to our faith in the God given rights of men.

These rights have been proclaimed many times, in different tongues and in different ways. For us, they were proclaimed in 1776, in the Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

Throughout our history as a nation we have been striving for a fuller enjoyment of these rights by all our citizens. We have made and are making great progress. The increasing well-being of our citizens, and their growing economic and so-

man suffers from lack of initiative, from over-conservation, from a disinclination to assume new risks or to pioneer. I am glad to notice that we are gradually evolving a new type of Filipino businessman. But along with this evolution of a new personality, the government must go hand in hand with businessmen and must provide the incentive and the impetus so that private capital and private enterprises may more readily go into commerce and uncharted enterprises. It is encouraging to the businessmen of this country to note the recent decision of the government to withdraw from several fields of business and leave these entirely in the hands of private enterprise. That is as it should be — the Government should pioneer and open up new frontiers of activities. But once private capital has demonstrated that it has the capacity and ability to exploit and to operate in these fields of activities, the government should have that sense of timing to determine when to withdraw.

I am happy to note that more of our businessmen are making trips to Japan. While I have no quarrel with

cial security bear witness to the advances we have made.

We believe that all men, everywhere in the world, are entitled to these same rights. In some parts of the world, men are handicapped by conditions of want, insecurity, and fear. In others, the enjoyment of individual rights is menaced by new and terrible forms of tyranny. We feel a warm sense of comradeship for men, wherever they may be, who are struggling against obstacles to freedom. We pledge ourselves to work with them for a world free of misery and oppression.

We do not seek to impose our ways upon others. Neither do we seek to add to our material wealth at the expense of others.

We have pledged ourselves to work with other free and independent nations to establish and maintain world peace, under law, through cooperative international action. We are confident that the combined efforts of all free nations can lead the world to peace.

We shall resist all the assaults on freedom today, as we have resisted tyranny in the past.

This is a task for all free men everywhere in the world.

(SGD.) HARRY S. TRUMAN  
President of the United States of America

those who go to the Americas and Europe to broaden their experience and their knowledge in industry. I have always advocated that from a practical standpoint and for purposes of immediacy, it would be better to find out what your neighbors are doing and how they are achieving success. Because after all, it is with these neighboring countries with whom you have to compete.

Why is the Chinese so outstandingly successful in the operation of D sari-sari, the grocery, and the goods stores. If the Chinese 10 hours, then work 12 hours. If he is successful because he is economical in the operation of his business, then try to be more economical. If the Chinese are successful because they pull their resources together which enable them to purchase their goods at better prices and at more favorable terms, then I counsel our Filipino businessmen to cease being prima donnas and start learning group behavior and group conduct. In short, we should match industry with more intense effort, patience with infinite patience, economy with stricter economy, intelligence with greater resourcefulness.



# TAXATION, PRODUCTION AND PROSPERITY

By Col. ANDRES SORIANO

THE Bell Report makes a good diagnosis of Philippine economic ills — despite some of its recommendations with which we do not agree — and anyone who has studied or read it has come to realize that taxation and production are two of the basic elements which, together with minimum wages, require progressive treatment in order to bring greater public welfare and prosperity to this nation.

There has been a great deal of discussion about taxation and production in their respective spheres; to my knowledge though this may be one of the few times that the constructive relationship between the two has been made the subject of an address. Our Chairman, Dr. Dalupan, deems it opportune for businessmen to explore ways in which taxation can be an incentive to production, and he is to be congratulated for his shrewdness.

Before proceeding further do I need to make it clear that I am not proposing more new taxes. This is an academic discussion which, forming part of the collective material for this morning's general theme, "The Government and Business," may possibly serve as a reference in case those whose concern it is to frame legislation desire to modify existing taxes to provide greater incentive to production.

If we are to understand the effect of taxes on production we have to regard the mas a burden, however, necessary and justifiable they may be. How then can burden bring about or increase production? The obvious answer is, by placing the burden on non-productive investment and initially removing it from productive new investment, with a gradual leveling to normal rates as the enterprise becomes economically stable. It may be said, in consequence, that to produce the desired results there must be taxation and non-taxation preceding normal taxation. The application must vary depending on the nature of the production and the stage same has attained. We will only concern ourselves today with two classes of production: agricultural and industrial. And as taxes are necessary, non-taxation must be limited, in either case, to the incipient stage of production. Our discussion then narrows down to six premises:

a. Taxation of non-productive agricultural investment

b. Non-taxation of new agricultural enterprises

c. Adjustment of agricultural taxation to normal level

d. Taxation of non-productive industrial investment

e. Non-taxation of new industrial enterprise

f. Adjustment of industrial taxation to normal level

We will discuss each of these premises separately. I have headed the list with Taxation of Non-productive Agricultural Investment for two reasons: First, because the proposition "Taxation as an Incentive to Production" is stated in the positive sense, that is to say, the most literal interpretation of the subject is that the incentive shall be created by applying taxation. Second, because agricultural is the principal pillar of economy in the Philippines. I quote the following from the Bell Report: "In 1949, the gross national product, including disbursements of the United States, was over 5 billion pesos. Of the total amount, agriculture contributed 56%." If we exclude the United States disbursements from the total, the relative contribution of agriculture to the gross national product is appreciably greater than 56%. We further concur with the Bell Report when it further states: "Agriculture is certain to remain for a long time the dominant source of income and employment. For this reason, improved production in agriculture and the solution of long-standing land problems are essential to the improvement of the economy. Agricultural production has been restored considerably since 1946 but in 1950 it is still below the prewar average. The production of the principal food crops is now about equal to prewar levels but with an expansion of population of about 25%, food production per capital is still considerably below prewar and the nation is dependent upon imports for a sizable proportion of its food supply." Now then, to increase agricultural production it is necessary to stimulate greater interest among those who actually work the land. It has been recognized for a long time that there is no better incentive than to give them an opportunity to own the land. Part of the government's Social Justice program is, in fact, devoted to the attainment of that goal. Yet, despite these efforts, we read on the Bell Report the follow-

ing excerpts: "Large profits enjoyed at various times by the landowner class have gone into the acquisition of more land. The result has been that land ownership by farmers who work the land has steadily declined." In other words, there is more and more land under ownership of people who are wealthy enough not to have to worry whether their land produces or not.

Under these circumstances, in what way can taxation be an incentive to production? To provide you with an answer I will refer to a letter, made public at the time, which under date of December 7, 1950, Mr. Daniel Aguinaldo addressed to the ECA Administrator, Mr. Vicente Checci. The letter proposed a tax system — I may venture, inspired by the theory of the internationally known tax authority Henry George — designed to accomplish, among other important social objectives, increased productivity. In this connection Mr. Aguinaldo proposed that a higher rate of real estate tax be levied on uncultivated agricultural land, with a gradual reduction in the rate as cultivation increases, the rate finally being lowered to the normal level when the land is fully cultivated. To use Mr. Aguinaldo's own words, such form of taxation would result in either of the following:

"a. Additional investments for cultivation, or

b. Liberal arrangement between landowner and worker in which it may well be that the landowner who is unwilling or unable to undertake the cultivation himself may urge the landless to cultivate the land without charge in order to save on taxes."

But such a program would not be complete unless a great percentage of the revenues thereby received by the government are budgeted to improve present methods of cultivation. Again I quote from the Bell Report: "The national budget makes little provision for this basic occupation of the Philippine people. For the fiscal year 1951, there was appropriated to the Department of Agriculture and Natural Resources for investigations in plant industry, animal industry, fisheries, and forestry the sum of P1.2 million, about one-fourth of one percent of the budget. When it is considered that Philippine agriculture is regarded by its most

sincere friends as very backward and susceptible to quick improvement, the neglect (through insufficient appropriation) of even elementary experimental work on which its advancement depends is difficult to understand. The Philippine budget should make adequate provision for experimental work, extension service and technical and vocational education in agriculture. The College of Agriculture at Los Baños should be rehabilitated, a central experiment station located at the college and equipped with facilities to carry on the necessary research for agricultural development. Specialized experiment stations should be established in suitable places throughout the country."

A logical conclusion to be drawn from Mr. Aguinaldo's suggestion and the findings of the Bell Report, is that idle agricultural lands should be taxed more heavily and a large percentage of the revenues thus derived utilized for the improvement of agricultural methods.

My second premise for discussion is non-taxation of new agricultural enterprise. This means the temporary lifting of the tax burden the moment a landowner puts his erstwhile idle land into production. This relief from taxation must be limited to the production of new kinds of crops or existing crops under new conditions, where a period of experimentation is necessary before economic success is achieved. This relief is afforded by Republic Act No. 35, now in effect to industry, as it exempts all new and necessary industries from the payment of all taxes for a period of four years from the date of their organization.

The third premise is the progressive adjustment of either heavy taxation or non-taxation, as the case may be, when the agricultural enterprise has attained economic stability, i.e., assured successful operation, at which time it should be made subject to the normal rates of taxation usually applicable.

The fourth premise is taxation of non-production industrial investment. This has been stated for academic reasons only, as a counter-part of the first premise, because in practical effect there is no investment in industry unless it be for production. In exceptional cases where industrial property, equipment or supplies are purchased by middlemen whose sole intent is to hold them for resale at

higher prices — particularly in times of scarcity — such assets should be heavily taxed if they are held for more than a reasonable period.

The fifth premise is non-taxation of new industrial enterprise. In the case of industry in its incipient stage, relief from taxation is as important as imposition of taxes is in the case of idle agricultural lands. This relief from taxation is afforded by the provisions of Act No. 35 to which I have already referred.

The sixth premise is simply the application of the normal level of taxation to new industries when they have successfully emerged from the initial stage.

Apart from Act No. 35, we must credit the government for other legislation designed to encourage production by relief from taxation. The repeal by Act No. 41 passed in October, 1946 of Section 187 of the National Internal Revenue Code which imposed a tax of 1½% on all exports was prompted by the vital need of stimulating exports of Philippine products. This resulted in lowering their cost and was, therefore, an incentive to production. Unfortunately, much of this benefit has been cancelled by the imposition of the local sales tax of 5%, 7% or higher to certain export transactions. The collecting agencies of the government, by resorting to technicalities based on court rulings which long pre-dated the repeal of the export tax, have ruled that products sold for export on an "F.O.B." or "F.A.S." basis are subject to the local sales tax because the title to the property passes in the Philippines. In other words, in order to steer clear of the local sales tax, an export sale must be made only on a "C.I.F." basis. If a mere technically can change the nature of an export sale into a local sale for the purpose of taxation, I am sure you will agree that it is imperative that something constructive

should be done to correct this obvious anomaly. The Philippines, engaged as it is in a great effort to improve its dollar reserves, and very successfully, I may say, due to the ability outstandingly demonstrated by the Governor of the Central Bank, Mr. Cuaderno, and his well qualified staff — can hardly afford to have its exports impeded by mere technicalities. It is to no avail to have repealed the export of 1½% in 1946 if, on the other hand, the local sales tax of 5% or more can be imposed on export transactions when they are made on an "F.O.B." on "F.A.S." basis. Everyone knows that these terms are common in the export trade.

Another example of stimulating industry through relief from taxes may be found in Act No. 361 which exempts the purchase of vessels from abroad from the compensating tax imposed in Section 190 of the Internal Revenue Code. This is constructive legislation because the Philippines depends so much on the availability of vessels for the carriage of its exports. In times of war vessels of foreign registry may be diverted by their owners or government from their normal routes and the Philippines could find itself in a serious plight if it had no commercial vessels of its own. Apart from this consideration is the fact that the merchant marine is both a dollar-saving industry, and dollar producing industry. This particular Act would be more up-to-date if its provisions were extended to included commercial aviation.

The government can further encourage production, both agricultural and industrial, by incorporating into our Income Tax Law a provision found in Section 122 of the United States Internal Revenue Code which allows the carry-back and carry-over of net operating losses. It reads as follows:

If for any taxable year the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-back for the preceding taxable year."

"If for any taxable year the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the five succeeding taxable years."

This provision is in recognition of the principle that a net operating profit shall not be taxed until all the net operating losses shall have been covered by profits of prior or subsequent years. Even an established industry which has been making profits for years is subject to the influence of external factors such as war, fires, earthquakes and other catastrophes which can throw it into a subsequent period of operating losses. Under such circumstances it must be given an opportunity to recover, for unless it recovers it ceases to be a taxpayer.

#### Examples;

Graphs showing rise in prices of:

- (a) GASOLINE
- (b) DIESEL OIL
- (c) CRUDE OIL

But reverting to the positive interpretation of the subject "Taxation as an Incentive to Production" and considering that under all circumstances it is first necessary to have capital before one can produce, I think it fitting to approach the end of this address by quoting the two following recommendations which, among others, were made by Dr. Francisco Dalupan in the excellent speech he delivered before the Lions Club on January 24, 1951:

"1. Tax hoarded money not in banks in order to force the funneling of idle capital either into the banks or directly into productive investments."

"2. Tax idle bank deposits over and above legal reserves to force

the banks to relax their lending policies, thus stimulating lending for productive purposes."

In conclusion, may I say that of the several points I have touched upon in this address the most important, in my opinion, is the need for a larger appropriation to be given to the Department of Agriculture and Natural Resources so that it may be able to increase and intensify scientific research for the improvement of agricultural methods. This is not only just but necessary considering that the largest share of the gross national product is contributed by agriculture and that more than 70% of the people derive their livelihood from it.

From this specific statement one can expand into a general comment that the government, by evolving a scientific tax system and through productive public spending of revenues from taxation, can be a leading agency of production, along with capital, labor and management.

The power of taxation, is an accepted attribute of modern forms — especially of the democratic form — of government, exercised for the purpose of financing public services. It must be admitted that business enterprise would be impossible without the security and the convenient services given by the government. However, to encourage productivity, under this general principle, there must be a judicious turning on and off of the pressure of taxation which would, on the one hand, penalize non-productive investment and, on the other, reward the introduction of new productive enterprise. If the

power to tax is exercised according to sound precepts, evolved through experiences of states and peoples of the world, and if the revenues from taxation are wisely spent on productive public services, taxation can and will be an incentive to production.

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## LANDLESS GIVEN LANDS

By Conrado Uy

THE government's policy of providing land to the landless people was initiated a year ago when the first group of settlers recruited by the Social Welfare Administration under its land settlement program settled in Koronadal Valley, Cotabato.

Since then, other migrants followed suit. Recently, the fourth batch of settlers arrived in Mindanao to start life anew, away from the insecure conditions and agrarian trouble in Luzon.

There are at present 177 families consisting of 877 persons in Calauag. These pioneers are mostly tenant farmers, evacuees, refugees and landless people from Luzon. Calauag is fast becoming a model community in the Promised Land. Homes are already constructed in the settlement project, out of the building materials gathered by the settlers from the nearby forests and the material aid given to them by the social welfare administration. Their homes were built on the 1,500 square meter home lots allotted to each family.

The farmseekers are given 10-hectare lots for each family to cultivate and within which to plant paly and shortseason foodcrops. Since the allotted land for them has already been cleared by the Land Settlement Development Company (LASEDECO) (another entity in charge of land clearance and distribution) the settlers do not find much difficulty in cultivating them.

The plows, harrows and carabaos that they brought with modern machineries handled by the technical men of the LASEDECO. After a year when the farm lots of the settlers are producing crops, the government will give them the title to the land.

During the first months, the SWA provides the settlers with rice, canned goods, clothing and a little amount of money as a start. A hospital to

take care of the sick, a market to sell their products and buy their needs and a schoolhouse where the children can continue their education have been established by the government.

New roads will be opened in the community by the bureau of public works. Transportation facilities will be increased to meet the demands of the people.

The needs and desires of the settlers are taken care of by the social workers of the SWA branch office and the LASEDECO officials in Lamian.

Calauag is peaceful, and the people feel happy and contented. The settlers are optimistic of their future in this new community where they could find homes and land to call it their own.

The lands are so fertile and suited to the crops they are planted with and the favorable climate adds much to the success of the settlers' efforts. The womenfolk share with their men in the farm by doing the usual household chores and helping them in the planting and harvesting of foodcrops. During their leisure hours, they engage in worthwhile occupations like mat-weaving, basketweaving and sewing to increase their income. Even the children do their share by selling homemade cakes and helping their elders during the harvest season.

When Social Welfare Administrator Asuncion A. Perez visited them last April, she expressed satisfaction upon seeing the improved conditions of the settlement project.

Calauag is a symbol. It stands for the yearning of landless people to own land. It is a fast-producing community due to the initiative of the pioneer settlers. It is the solution to the agrarian trouble in some parts of the country, especially in Central Luzon.

### CONSIDER THIS

Since liberation, the expenditure for social welfare had fluctuated between .33% to .42% of the entire expenditure. It mean that only 1/3 of a centavo out of every peso spent by the government goes to promote the social well-being of 20 million Filipinos.

Other departments like education is given 28% while health, 17%. Yet if adequate social welfare services were only rendered on time, there would be less need for money to

maintain hospitals, sanitariums, jails and institutions for the orphans and aged and there would be better standard of living and contentment among the masses.

In U. S., social welfare expenditure exceeds all other expenses except education. Ceylon spends almost two rupees for every citizen it has. On this proportion, the Philippines should spend no less than 40 million pesos for social welfare.

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### OUR SOCIAL WELFARE PROGRAM

(Continued from page 7)

ance on the part of the government of its responsibility to its people.

Considered one of the many progressive social legislations during the last five years are amendments introduced in the civil code of the Philippines which guaranty the betterment of women's rights in general and those pertaining to women and children in particular. By the civil code, the legal rights of women have been extended and amplified and the rights of children have been properly protected.

To improve the standards of living among the laboring classes, such social legislations like the minimum wage law, the creation of the placement and industrial safety bureaus, and the establishment of the court of industrial relations are outstanding. Proposed social legislations include an act providing for the retirement of officials and employees of the Philippine government, and act providing insurance for and public assistance to the needy, an act to establish a section for the welfare of the deaf and blind, and an act to create a body to handle juvenile and domestic relationships.

With the broadening of welfare fields, social work is now recognized as a profession in the Philippines. Local social work education is in its infancy. But as far back as the period immediately before the war, distinguished welfare leaders in the country had tried vainly to secure recognition of the need for trained social workers. It took World War II and the great changes it wrought to make the people realize the importance of organized social welfare and the need for professionally trained workers to render efficient service to the public.

Formal training for social workers started during the Japanese occupation in 1942 when the bureau of public welfare conducted a series of in-service training courses for new workers in order to meet the unprecedented demand for social workers. These training courses proved to be the beginning of a keen understanding of social welfare work on the part of the people.

In 1946, 1947 and 1948, more institutes on social work and social case work were conducted by the U. N. consultants on social affairs. At the same time the U. N. financed the sending abroad of distinguished social workers on a six-month fellowship each to study and observe the latest trends in social welfare work. While these institutes, seminars, conferences and fellowships have contri-

buted much to the progress of social welfare in the Philippines, the country has also contributed to international social work by lending one of its more distinguished social workers to serve as a consultant on child welfare in the Far Eastern region and through participation of social workers in conferences, institutes and seminars along similar lines abroad.

To date there are about 13 graduate social workers who had taken up professional studies in social work abroad. Only last June 3, the Philippine Women's University conferred the degree of master of arts in social administration on 17 social workers who had successfully completed the first year of the graduate course in social work. This educational institution and the Centro Escolar University expect to turn out the first local graduates in professional social work.

The Ateneo de Manila, the Santa Theresa's College and the University of the Philippines are offering graduate as well as undergraduate courses on social work. It is earnestly hoped that this impetus given social work education shall greatly help in the further progress of social welfare work in the Philippines.

## Crusade For Freedom

NEW YORK—A campaign is underway to inaugurate independent broadcasts to the Far East under sponsorship of the recently organized National Committee For A Free Asia.

Objectives of such a program will parallel those of Radio Free Europe, which are to combat communist propaganda, expose quislings and informers behind the iron curtain, undermine Red puppet regimes and encourage prisoner peoples in their hopes for ultimate liberation from slavery.

The Crusade for Freedom is planning a campaign into help finance Radio Free Europe and the comparable operation for the Far East, the Far East project will be directed by the National Committee For A Free Asia.

The Crusade for Freedom proposes to enroll 25 million Americans and raise \$3,500,000 in voluntary contributions for the projects.

Chairman for the Crusade for Freedom is Gen. Lucius D. Clay, who formed it last fall when a campaign was climaxed with the dedication of the world freedom bell in Berlin on United Nations Day, October 24.

**OUR FIRST FIVE YEARS**

(Continued from page 4)

clashes of personal or group motivations.

We want to establish that our unity as a people loyal to democracy and freedom will not be impaired by those diversities and differences. They may seem to obstruct quick action, but in effect they allow a wide margin for a just decision that can command the most ample adherence. What is essential is national discipline, the enlightened obedience to the will of the greater number in contrast to the will of a self-elected few.

We have just witnessed a show of the armed might of our young Republic. Disciplined and devoted to democracy, these men are gallantly doing their part in our nation-building. They have a leadership today that has strengthened the trust and security of our people. They are building upon a tradition of racial heroism whose loyalty to liberty is finding fresh affirmation wherever it is in extreme peril.

We are proud of their predecessors. We are equally proud of them who now are holding up the standard. Peace is not easily to be restored to our countryside. But it is on the way — because we have these men. Aside from talking the language of force, as best understood by aggressive subverters, they bear a positive mission of peace and production now being fulfilled in new settlements for the landless on our virgin plains.

Certainly, the local atmosphere has cleared because of the efforts of these men. You can now call them your real protectors and defenders. Agriculture, industry and commerce are receiving the proper incentives because a sense of security pervades the national atmosphere. This con-

dition has even enhanced our credit abroad.

Of course, we can not attribute to them exclusively the arrival of this new era. No one individual or any particular group of individuals can claim that our nation's recovery and progress since independence are their special work. But they have helped prepare the ground for our national achievement. This is the achievement of our people as whole by reason, and irrespective, of the diversities of outlook and approach which must of necessity be peculiar to a democracy like ours.

What we have heretofore accomplished is the manifestation of that national instinct which has incessantly prodded our people to face dangers, to rebuild our country every time that an invader destroys it, to rise every time we fall, to feel stronger every time we rise, never discouraged, never dismayed, never despairing of anything. There is an Unseen Hand that subtly guides and directs our national conscience in moments of peril and adversity. We only need to appeal to It in all fervor and sincerity so that It may touch and raise our long-suffering people with Its magic wand. That is the secret of our national strength, that is the virtue of Filipino genius; and that is our hope for continued national existence.

Our prayer today must be that we keep up that spirit and the good work. We can do that because we have a Republic that has a living faith in its right to live free and untrammelled. Like the kingdom of God, that faith and democracy lie in our hearts.

My beloved countrymen, again I beseech you: give me your hands that mine may be kept steady.

**EDITOR'S NOTE:** Because the Filipinos stand for the same principles, we hereby reproduce what 700 newspapers in the United States have been requested by the American Heritage Foundation to print in connection with the year of rededication which independence day inaugurates.

**THE FREEDOM PLEDGE**

"I am an American, a free American,  
 "Free to speak — without fear,  
 "Free to worship God in my own way,  
 "Free to stand for what I think right,  
 "Free to oppose what I believe wrong,  
 "Free to choose those who govern my country.  
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