

to grant permits for dollar remittances. In the event of long delays from the time drafts are paid in pesos, to the time dollars are actually remitted, our understandings in that market might grow out of proportion and we are sure that our Treasurer would not approve more shipments after a certain limit has been set for that particular market... "Please let us hear from you by return air-mail..."

This letter is from a firm which does not deal in "luxuries" and "non-essentials". The letter concerns supplies which are highly necessary and in constant demand.

Everybody knows that prices are determined by the conditions of supply and demand, and that therefore prices must go up when the supply is reduced and the demand continues. **Rising Prices, Unemployment, Black-marketing** Everybody knows that business organizations can operate successfully only if they are efficiently and economically conducted and that, therefore, personnel must be laid off if the volume of business is cut.

Under the present import, credit, and exchange controls, therefore, which have arbitrarily reduced business in many lines of goods as much as 90 percent, producing a very real, though artificial scarcity, prices are inevitably going up and hundreds, perhaps thousands, of workers are losing their jobs.

These controls have been instituted by the Government over the protests of the business elements, and with the controls in force business can not possibly maintain prices and employment at the pre-control levels.

How unfair it is, therefore, when certain government officials and newspaper writers, and even editors who should know better, blame business for the inevitable consequences of the present government policies!

Business itself is as much a victim of these policies as are the consumers and the workers who are losing their jobs.

And unless the basic policies of the Government are changed, neither can the Government do anything to prevent the rise of prices by price-controls or the rise in unemployment by court decisions which would attempt to force the retention of unneeded personnel.

Some newspaper writers have tried to make the point that since certain reserve stocks exist, brought in before the controls were instituted, selling-prices now should not rise until these stocks have been consumed. But that, too, is a most unsound argument because business does not and could not operate successfully on the basis of wholly disparate transactions or with a view to immediately current conditions. Business must look ahead with a view to keeping itself going in the future as well as for the present. Otherwise ultimate bankruptcy is certain.

A leading Manila importer of foodstuffs, an American, told us the other day that he believes that it is worth while maintaining his footing in the Philippines,—in the hope of better times, and that therefore he does not plan to close his business though the controls have cut his volume to only a third of what it has been. To meet the situation he plans to cut his general overhead expenses, reducing his staff, etc., by around a third and, to make up for the remainder of the loss, by increasing his price markup from ten percent to twenty percent.

It is plain in his case that either he has at least to cut down the running cost of his whole organization by a full two-thirds, or cut it part of the way and make up for the rest by raising his prices moderately. He chose this latter course and he told us that he came to that decision not only in his own and his employees' interests, but in that of his customers:

The foregoing is a concrete example of why and how prices are justifiably being raised.

There is, of course, also the so-called "black market", which, for the first time since the Japanese occupation and the first months after the Liberation, is now reappearing.

It should, however, be clearly understood that black-marketing goes on outside the sphere of legitimate business. Business, as such, has no control over black-marketing, and neither can the Government exercise any real control over it. Black-marketing is generally carried on through direct and clandestine bargaining between a few men who have managed in some way to obtain small stocks and those immediate consumers who do not care what they pay if they can get what they want. A small boy slinks along and offers a likely-looking customer a pack of cigarettes for a peso. There may be hundreds of such boys on the streets. If one of them is caught by the government price-control agents, he may lead them to some little jobber who has a small stock of cigarettes. He may be arrested and charged and put out of business. But there may be hundreds of such small jobbers, and the black-marketing goes on. And let no one believe that established business surreptitiously encourage this thing. Legitimate business, far from profiting from black-marketing, is further harmed by it.

But, let it be repeated, there is nothing that can be done about black-marketing in any effective way, either by business or the Government, unless the scarcity which calls it forth is replaced by normal supply.

We were very happily impressed by a recent article by Mr. Placido M. Mapa, Secretary of Agriculture and Natural Resources, in which he called attention to the fact that the present rice production now exceeds the pre-war production, despite the losses in farm animals and the continuing conditions of unrest in a number of the principal rice-raising provinces. This is most creditable.

Secretary Mapa stated that during the five-year period just before the war, the country was producing an average of 51,000,000 cavans of palay annually, but that since consumption during that time averaged 53,000,000 cavans, some 2,000,000 cavans had to be imported.

Compared with this, the 1945-46 crop, the first after liberation, was 37,000,000 cavans;

The 1946-47 crop was 47,000,000 cavans;

The 1947-48 crop was 51,000,000 cavans;

The 1948-49 crop was 56,620,000 cavans; and

The latest estimate of the coming crop for 1949-50 is 58,000,000 cavans.

However, meanwhile consumption has mounted to an annual 61,000,000 cavans, which accounts for the fact, said the Secretary, "that we still have to import rice in large quantities,—P45,800,000 in 1948, despite the rapid increase in production since the end of the war."

To reduce the gap between production and consumption, the Government has various projects under way from which an initial harvest of 600,000 cavans is expected by the end of 1950, the production being expected to reach 15,000,000 cavans annually by 1954. Other developmental work is being done in extending irrigation systems, establishing tractor pools, providing improved seed stocks for farmers, stock-breeding stations, fertilizers at cost, credit facilities, technological advice, etc.

Large sums are being spent for these purposes, and the Secretary stated that if the full production-goal is to be reached, still larger sums will have to be made available, which he listed as follows:

For tractor pools, P20,000,000; experiment stations and seed farms, P5,000,000; irrigation pumps (including installation costs) P20,000,000; revolving fund for fertilizers, P10,000,000; revolving fund for credit facilities, P10,000,000; for breeding and work animal importation, P10,000,000; stock farms and breeding stations, P5,000,000; pest and disease-research centers and control work, P5,000,000; and irrigation works, P50,000,000.

The mention of such large sums diminished somewhat

the sense of satisfaction we experienced in reading the earlier section of the article.

While it is well that the Government should do everything within reason to encourage and to directly assist this basic industry, we believe that much of what is in the Secretary's mind should be left to private initiative and energy, which would cost the Government and the taxpayers nothing.

If well financed corporations were encouraged to enter the field by relaxing somewhat the restrictions on the leasing of land, we are convinced that the country would in time not only become self-sufficient in rice-production, but might produce rice for export.

The victories of the conservative and liberal over the labor parties recently in both New Zealand and in Australia, which were the first two countries in the world to have "labor"-governments, are to be looked upon as significant democratic victories, because government by any class, be it aristocratic, capitalist, or labor, can never be a government of, for, and by the people.

It may be claimed that a labor-controlled government is more nearly democratic than any form of class-government because the labor elements in a population form the largest class, but this is not true. Not only does so-called organized labor represent only a part of the labor population, but it excludes, and its interests run counter to, other large "working" classes, such as the farmer, business, and professional elements. Narrow labor interests also run distinctly counter to the interests of the majority of the people as consumers. A labor-government is strictly speaking always a minority-government as well as being clearly a class-government.

Ideally, government policies should not be determined by crass class interests. Government policies should be

determined politically by truly political parties, the natural political cleavages being those which separate the progressives from the conservatives and leave a liberal element in between. Reactionaries and radicals normally form only the fringes.

Whereas the coming into power of any class-government arouses fear and a bitterness that may rise to desperation, administrations brought into office along normal political lines arouse little hostility and are always more or less satisfactory to all the people, regardless of how an election ran and whether the winning majority was large or small.

Such a government can be truly representative of all the people, for after all, the differences between conservatives and liberals and progressives are often merely differences of mood and temper at any given time, on the part of the people, parties, or even single individuals. A man generally begins life as a progressive or radical, and ends it as a conservative if not a reactionary, and he may shift from one pole to the other and back again in a single day. Party principles and platforms, in fact, are not infrequently actually interchanged over a period of time. Policies which appear radical to begin with are often later supported by the conservatives.

In a sense these divisions, however, are timeless and the most enduring as they spring from the heart and mind of man. Class interests change over the years, and class differences will in time be wiped out, especially now that the discovery of atomic energy promises, if properly used, to bring about a world in which there will be little toil and a rich abundance for all.

But though class-governments,—feudal, aristocratic, plutocratic, belong in large part to the past, the fascist and "communist" as well as the labor-governments belong, alarmingly, to the present. It must be the continuing task of democratic men to beware of and to oppose them all.

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## New Year Statement

By AMBASSADOR MYRON M. COWEN

To the Members of the American Community:

**A**S we enter upon the work of a new year, I wish to extend a warm and cordial greeting and my very best wishes to the twenty thousand Americans now residing in the Philippines.

A primary function of an embassy such as ours is to protect, advise, and assist American citizens resident, traveling, or having interests in the foreign country in which it is located. It is my earnest desire that the Embassy here in Manila become increasingly helpful to you during the coming year.

In addition to the activities traditionally carried on by American Embassies in other countries, our Mission has an extremely important function to serve as an instrumentality of the United States Government in assisting, in so far as it may be possible and appropriate, this country and its Government. This function is due, in large measure, to our past relations with the Philippines. It is also a recognition of the fact that American security is dependent, in large part, upon the political and economic independence and well-being of other free states.

Back in the dark days of 1942, President Roosevelt said to the people of this country: "Your freedom will be

redeemed and your independence established and protected." In 1945 that freedom was redeemed. In 1946 that independence was established.

The freedom and independence the Filipino people now enjoy cannot permanently endure, however, unless they achieve economic self-support. Just as we helped them in the past to become politically independent, so must we assist them in the future to become economically independent, in so far as it may be possible and beneficial in this modern world of economically interdependent nations.

On July 4, 1946, President Roxas summed up the task of the past three years when he said: "We must perform near-miracles to bring prosperity to this land. The work of two generations was reduced to rubble in the passionate moments of war. Now we must rebuild in months what it took decades to create."

While some of those near-miracles were being wrought, the economy of this country was very substantially sustained by money given and spent here by the United States Government. During the fiscal year 1949, for example, the total amount that came in was estimated at ₱804,000,000—more than double the Philippine Government's budgetary expenditures for the same period. This flow of money will