

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 The carinderia has disappeared and it has been replaced by the pansiteria.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 youngmen 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

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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 businessmen. 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.