

LET US HAVE ECONOMIC INDEPENDENCE, TOO

The determination and efforts of a nation to maintain its individuality constitute the essence of nationalism. Nationalism must never be confused with the short-sighted and inherently selfish principle of every nation for itself.¹ That erroneous concept seems to be behind the belief of the advocates of a world federation that nationalism is a barrier to internationalism. Men have dreamed, not without basis, of a world federation where one could literally be a citizen of the world. The advocates of such a dream have always deplored the upsurge of nationalism in any country as a possible intransigent obstacle to a world order pervaded by sincere feelings of internationalism.² According to Dr. Jose P. Laurel,³ the component virtues of nationalism are the personal traits of individual integrity, self-discipline and love of order, pride as a citizen and commoner, and the magnanimity and righteousness that can only come from personal integrity and a high sense of moral values.

Nationalism as a mere sentiment is passive. Being passive it can be easily lost. It can be lost either by neglect in keeping such sentiment alive in every Filipino or by alien control of the political machinery or economic wealth of the nation. The necessity of assertive action through legislation, administration and education is plainly evident in this regard. The moment such positive steps are taken then nationalism becomes not passive, but *actual nationalism*.

Economic nationalism is but a phase of positive nationalism. According to Prof. Francispillai, economic nationalism consists of those "correctives enacted by the state to negate or eliminate the causes responsible for the chronic disequilibrium which threatens the internal stability of the state."⁴ Among these correctives are protective tariffs, tax relief, subsidy, quota system and construction of public utilities. For our purposes, however, the economic aspect of nationalism will be divided into aggressive and defensive nationalism. Aggressive, in the sense of positive actions of self-development of the Philippines in the economic field and defensive, in pertaining to safeguards and protective measures against alien infiltration through the economic lines.

AGGRESSIVE NATIONALISM

It is unimaginable for a nation to bring destruction upon itself. Still such calamity do happen which though most often unin-

¹ The Manila Times, June 29, 1956, p. 1, col. 3.

² The Manila Times, June 28, 1956, p. 1, col. 3.

³ *Id.*, p. 10, col. 1.

⁴ The Manila Times, Feb. 29, 1956, p. 9, col. 6.

tentionally are just as disastrous. These things happen due to negligence or failure to keep abreast with modern economic practices or the smug contentment with the present without thinking of conserving for the future. These and many others are the causes of a nation's deterioration economically. Like a man with an empty stomach unable to fight off disease, a poverty-stricken nation becomes an easy prey to the colonizing powers in its midst.

It is nothing new to say that the economic development of a country is a condition to its continued existence. Every national must do his best to improve his country economically. A prosperous nation has certainly all the advantages in his favor. Such prosperity, however does not come without effort or planning. There must be a continuous feeding of modern economic ideas to the people for the nation's advancement. Such dissimulation of information is within the educational aspect which we do not propose to encroach upon but the discussion of the economic ideas themselves are within the boundaries of economic nationalism.

Last March President Ramon Magsaysay⁵ enunciated a three-point economic development program as follows:

1. Diversify production to be less dependent on world demand and less vulnerable to world price fluctuations for a limited number of export commodities.
2. Attain a greater degree of economic self-sufficiency by promoting domestic industries using local raw materials.
3. Expand the markets for export abroad.

The implementation of this program is no problem. In the light of past experience corrupt administration is the source of trouble. Our spirit of Filipinism, therefore, should assert itself in this respect.

Like many others Dr.-Jose P. Laurel⁶ is of the opinion that the path to genuine economic development lay in the production of those necessities of daily life which we import to the extent of 60% of our national consumption. The processing of more of our raw materials will also afford employment to the fast increasing group of the unemployed. This is the rationale of industrialization which is necessary to meet the needs of the growing population. There being no two identical economic systems, we must guard against being "copy cats." This is a necessary warning since Filipinos by nature are prone to copy verbatim even absurd ideas. What may be good for another country may not be good for us. A perfect ex-

⁵ The Manila Times, March 12, 1956, p. 6, col. 5.

⁶ The Manila Times, May 18, 1956, p. 13, col. 1.

ample is the establishment of factories for canning fish which had to close down for inability to compete with low-cost fresh fish abundantly caught daily. The seeming tendency to specialization makes it advisable for us to follow the same trend. It is suggested that we concentrate our specialization on the first three or four products we export most and make them the true props of our economy.⁷ According to the Bureau of Census and Statistics abaca, sugar and copra top the list of our exports. Our laws, taxes, policies and education must be geared to the specialization of the above-named products.

Tourism should also be encouraged. Tourists not only afford revenues to the government; they also serve as ready purchasers of our local goods. For the past few years the Philippine Tourist and Travel Association Inc., a joint venture of private business and the government, has been developing our tourist industry. They are doing their best but they fail to improve several scenic spots for lack of financial help and power to coordinate the different agencies for the purpose. There is a move to create a Board of Travel and Tourist Industry.* For this purpose tax on fare of passengers shall be collected to provide the Board with funds. It is noted, however, that the proposed Board is predominantly composed of government representatives and hence may be subject to change due to the turnover of government offices. Without relative permanency such Board may have difficulty in insuring a continuity of policies. Private enterprise should have more representation in this Board.⁸

There are other fields aside from those already mentioned which are still open for improvement economically. One thing is certain: we abound with economic ideas for our advancement. Which of them are good for our country will be the result of a careful study. Their success or failure will depend much on honest administration and effective implementation of such economic theories.

DEFENSIVE NATIONALISM

Actually there is no distinct dividing line between aggressive and defensive nationalism. They cannot be separated into watertight compartments. In most instances they co-exist. This, however, is not a bar to their classification as such for purposes of our convenience.

Even the word "defensive" is not accurate enough but for lack of a better term, it is here used to denote positive governmental action to safeguard the country's wealth against alien control.

⁷ *Id.*, p. 18, cols. 2 and 3.

⁸ The Manila Times, April 25, 1956, p. 17, cols. 5 and 6.

* Since this article was written, a Board of Travel and Tourist Industry has been created by Republic Act No. 1478, which appears in the Recent Legislation Section of this issue.—*Editor's Note.*

Our nation speaks with the wisdom of past experience in abhorring economic subservience in any form. It has been the victim of colonial imperialism for centuries. It is but proper then that she treasure economic as much as political independence. There is nothing subtle about the military control of a nation over another. It is done openly. Not so, however, in economic warfare. It is done with cunning and most often in total unawareness of the prey. It is, therefore, of utmost importance that we arm ourselves with industry, protected by legislation against economic infiltration, or if there has been such infiltration, to remedy the situation with the best we can.

Our Constitution has provided many nationalistic provisions. These sections have become the sanction and justification of our economic nationalization laws. The preamble of the Constitution mentions "a government that shall conserve and develop the patrimony of the nation." In the words of Dean Sinco,

"The framers of the Constitution were concerned with the nationalization of the land and other natural resources of the country. They considered this matter vital and indispensable to national survival itself. In this respect, they merely translated the general preoccupation of most Filipinos of the dangers from alien interests that had already brought under their control the commercial and other economic activities of the country. Thus in expressing definitely this anxiety, they first used the term 'resources of the nation'. But after making some revisions, they decided to adopt the more comprehensive expression 'patrimony of the nation' in the belief that the phrase encircles a concept embracing not only the natural resources of the islands but practically everything that belongs to the Filipino people, the tangible and the material as well as the intangible and the spiritual assets and possession."⁹

Sections 1, 5, and 6 of Article XIII provide for the conservation and utilization of natural resources. Section 5¹⁰ was interpreted by our Supreme Court in the case of *Krivenko v. Register of Deeds of Manila*¹¹ as a prohibition embracing the sale of private lands of any kind in favor of aliens. Article XIV, Sections 6 and 8 deals with the protection of labor and with the granting of franchise, respectively. In discussing the economic policies of the Constitution, Dean Sinco writes,

"But there has been a general feeling that alien dominance over the economic life of the country is not desirable and that if such a situation should remain, political independence alone is no guarantee to national stability and strength. Filipino private capital is not big enough to wrest from alien hands the control of the national economy. Moreover, it

⁹ SINCO, PHILIPPINE POLITICAL LAW 114 (10th Ed., 1954).

¹⁰ "Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines."

¹¹ 44 O.G. 471 (1947).

is but of recent formation and hence, largely inexperienced, timid and hesitant. Under such conditions, the government, as the instrumentality of the national will, has to step in and assume the initiative, if not the leadership, in the struggle for the economic freedom of the nation in somewhat the same way that it did in the crusade for political freedom. Thus, when the Constitution refers to the interests of national welfare and defense as the purposes for which the state may acquire or establish industries, utilities, and other private enterprises, it envisages an organized movement for the protection of the nation not only against the possibilities of an armed invasion but also against its economic subjugation by alien interests in the economic field.¹²

There are several legislation and agreements which one way or another have affected our economic independence. Those that are worthy of mention are the transitory provisions with respect to trade and related matters in the Hare-Hawes-Cutting Act made part of the Tydings-McDuffie Law; the parity amendment of 1946; several nationalization bills, foremost of which is Republic Act No. 1180 (an act to regulate retail business); the Laurel-Langley Act, and lastly the Philippine-Japan Reparations Agreement.

REPARATIONS, A JANUS-FACED ECONOMY

"Troy fell when the Trojans themselves broke down their walls and towed the Greek horse in through the gates of Troy. Are we in danger of towing in the Japanese horse in the guise of reparations?"¹³

This is but an echo of the doubts voiced all over the country as to the probable outcome of such agreement—is it an economic help or an economic enslavement?

The agreement provides for the payment of \$550 million reparations, the bulk of which consists of Japanese goods and services¹⁴ (only \$20 million is to be paid in cash). This is something different from previous war damage payments such as those made after the French-Prussian War of 1870 and those paid by the Germans to the Allies after World War I. All these were fixed and paid in gold currency. The Japanese stated that they have no American dollars, hence such stipulation. It is a rather shallow argument considering that they promised to lend us \$250 million dollars in the very same agreement. Besides any commodity has value. Their real reason is their desire to evade the burden of selling their own goods in the world market and turning over the cash to us. On the other hand if we are going to receive American dollars as payment we can buy more goods with said cash and at our choosing at that.¹⁵

¹² SINCO, *op. cit.* *supra* note 10 at 476.

¹³ The Manila Times, June 20, 1956, p. 17, col. 5.

¹⁴ Article 1, Philippine-Japan Reparations Agreement.

¹⁵ The Manila Times, May 8, 1956, p. 17, cols. 5 and 6.

Payment in goods and services on its face is no criticism at all. If the Japanese find it easier and more convenient with but a minor inconvenience on our part then there is no harm in such a provision. But we must not lose sight of the fact that the entry of goods and services to such an economy as ours might be harmful. For this reason the agreement provides that the bulk of the products to be supplied shall be capital goods¹⁶ and as to labor, only those requested by our government.¹⁷

The agreement also allows the entry of consumers' goods but only upon request of our government.¹⁸ By virtue of such provision, there is a fear that there might be a flood of consumers' goods instead of capital goods badly needed for our industrial expansion. The insertion of such a provision has been explained as being an insurance against forfeiture of any portion of the obligation in the event that we fail to absorb all the capital goods to the extent scheduled in the Agreement.¹⁹ Whatever harm results from this provision, therefore, will be due to the mistaken judgment of our own government.

The Japanese Court has been designated as the last resort in the event that arbitration fails to settle a reparation contract.²⁰ This provision has been attacked for its "one-sidedness." It is, however, justified on two grounds: (1) Our government has chosen the "direct method of procurement" that is our Mission in Japan contracts directly with the suppliers instead of through the Japanese Government. It follows that we must permit ourselves to be sued by Japanese entities in their court; (2) Such provision has precedents in the Israel-West Germany Agreement and the Burma-Japan Agreement designating the court of the paying country as the last resort.²¹

As to tax exemption of Japanese supplying services and goods,²² that provision was included to prevent a recurrence of the misunderstanding regarding tax assessment on additional benefits and allowances extended to the Japanese sunken vessels salvage team.²³

It is true that \$550 million dollars is a far cry from our original demand of \$800 billion. But then we can afford to be magnanimous in our victory. It will be pure selfishness, not nationalism, to burden a defeated country with debts considering that it has to pay not only our country. The rise of Hitler was partly due to the fact that Ger-

¹⁶ Article 3, par. 2, *supra* note 14.

¹⁷ Article 3, par. 1 *id.*

¹⁸ *Supra* note 16.

¹⁹ The Manila Times, May 30, 1956, p. 17, col. 5.

²⁰ Article 7, par. 7, *supra* note 14.

²¹ The Manila Times, May 30, 1956, p. 17, col. 6.

²² Article 9, par. 4, *supra* note 14.

²³ The Manila Times, May 30, 1956, p. 17, col. 6.

many was badly in debt with the winning countries of the First World War. We must not allow history to repeat itself by permitting the rise of another Hitler. It is also true that reparations cannot bring back to life our dead nor obliterate the past but wisely we can use them to build our future.

"The coming of the Japanese to our shores is inevitable. We say, however, that the coming of the Japanese is not a menace but a boon. Like the wind and the tide, they can be destructive if uncurbed by human ingenuity. The driving force of Japan's need to expand her economy, to develop sources of raw material outside the Chinese mainland, the need to build up markets now that Manchuria has been lost, the proverbial skill of Japanese technology, the disciplined organization of her capitalists—all these can be harnessed to the cart of Philippine economic development. In this case, however, it would certainly be well to put the cart before the horse—the Japanese horse of reparations."²⁴

Whether it will be for our economic betterment or not will depend upon the proper implementation of the Agreement and the honesty and good judgment of the administrators of such Agreement. Let us prevent the recurrence of the surplus anomalies.

"Appeals to patriotism and morality will also be of help. The development of consciousness of our national interests and our national patrimony should prevent Filipinos from selling their country down the river."²⁵

Economic freedom is just as precious as political freedom. If we can appeal to our feeling of nationalism to defend our country, we can do the same to preserve our economic independence. We must develop our latent possibilities in the economic field for economic deterioration is the fastest way to subservience of all forms. Hand in hand with this is the duty to prevent aliens from having strangle hold on the vital arteries of our economy. In an economy such as ours where we can't compete with foreigners profitably, such is not selfishness but self-preservation. From the economic point of view, therefore, ours is nationalism.

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²⁴ The Manila Times, June 20, 1956, p. 17, col. 6.

²⁵ The Manila Times, August 22, 1956, p. 17, col. 2.