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Trends in Asian Trade: Economic Survey of Asia and The Far East

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democracy, at the same time that business is kept efficient and profitable. Morality cannot be substituted for success nor should it stand in the way of technical progress. Here Selekmán points out the dangers of self-righteousness, cynicism, and perfectionism on the part of management. He emphasizes the essential weakness of the tools at the disposal of the business man today, not excepting even the most advanced methods of accounting, which do not give him certitude and always leave him open to the possibility of making a decision that could spell failure. No one has solved the basic problems of modern industrial society as is proven by the frequent reference to future recessions and by the conflicting theories of the experts as to how to forestall such occurrences.

The businessman must be aware of the dangers confronting him when striving for ethical standards. Justice is basic to any such striving and Selekmán shows how it can be accomplished. A framework is needed, a constitutional framework dominated by justice and equity. The earlier writings of John Commons are singled out as pointing the way towards a type of tripartite administration where Business, Labor and Government, through advisory committees, would hammer out by negotiation a code of acceptable procedure for each problem set before them. In such an arrangement the three power units would work together instead of seeking their individual goals. The main pit-fall to be avoided would be the State yielding to the more powerful group at any given time. This plan of Commons, endorsed by Selekmán, cannot help but remind the reader of the papal Industry Council Plan where just such a tripartite administration is proposed. The Government representatives would have to be drawn from both Management and Labor as well as Government to forestall the very real danger of high-pressure lobbying.

Though the Philippine economy shows all the colors of the economic spectrum, running from examples of pre-capitalism to highly organized modern industrial firms, it is pledged to a policy of industrialization. In reaching for that goal it is going to be faced with the same basic moral problems that confront American Management, Labor and Government.

GERALD W. HEALY

TRENDS IN ASIAN TRADE

ECONOMIC SURVEY OF ASIA AND THE FAR EAST, 1959.
United Nations. Bangkok, 1960. ix, 169p.

ECAFE'S 1959 Survey provides an important analysis of the long-term trends that affected the ECAFE region's foreign trade in the past three decades, and (more importantly) of the prospects facing the region's trade with other countries (projected up to 1975). The importance of the analysis arises from two prevailing purposive economic policies in the Philippines: (1) conscious acceleration of economic development; and (2) current steps towards the full decontrol of foreign exchange transactions.

The analysis of long-term trends in the region's foreign trade during the three decades 1928-57 gives statistical support to the recurring note in economic-development thinking: the tendency of the demand for imports in developing countries to outpace primary-exports-based capacity to import. The Survey shows that for ECAFE primary-exporting countries, exports increased at a rate only a third as much as imports, and about half as much as production during the three-decade period. The 22 per cent increase in exports of these countries also compared very poorly with the more than 140 per cent increase in the industrial countries' output of manufactured goods.

According to the Survey, this manifestly unfavorable long-term development in the foreign trade of the ECAFE primary-exporting countries resulted from a wide array of factors: The slow rise of exports relative to the considerable expansion in manufacturing production of industrial countries was attributed mainly to (1) the shift in demand for primary products consequent on rising incomes and the direction of growth in industrial countries, and (2) the rapid technological advances that brought about an economizing in raw material input and a substitution of synthetic for natural products. These factors were augmented by the increasing absorption of erstwhile export products in the domestic economies of these ECAFE countries as a result of population growth and industrial development. Population growth and the acceleration of economic development were also identified as the major forces that influenced the substantial increase in imports of these ECAFE countries.

The Survey showed that this long-term problem in foreign trade has been compounded, in the short run, by severe instability of export earnings: average year-to-year fluctuation of export earnings of the ECAFE primary-exporting countries ranged between 9 per cent for Ceylon and 18 per cent for Malaya-Singapore, with an average of 14 per cent for all these countries during the period 1949-1958.

The Survey turned around to face the future and assess the prospects of the region's foreign trade up to 1975. The assessment yielded the conclusion that prospects for exports of the region's primary products do not seem bright. Taken in association with the import demand generated by the drive for economic development and the rapid

population growth, the limited prospects for exports require, at least, extensive substitution of domestic output for imported manufactured consumer goods and food. In some countries, this substitution may not be sufficient to provide enough foreign exchange for the importation of capital goods. Consequently, production of capital goods may also have to be undertaken. The message is quite clear: both the analysis of past trends and the assessment of prospects showed that export earnings may not be adequate for the financing of imports required for development and direct consumption.

The prospect of limited export earnings strongly suggests a careful evaluation of the direction and pace of the economic development that will be attempted in the Philippines. As an economic problem, this implies the necessity of attaining the highest efficiency in the use of the limiting resource (foreign exchange) and, possibly, the incorporation of some measure of flexibility in any program of development to be undertaken. The prospect of limited export earnings also underlines the delicate situation attending the current attempt towards the full decontrol of foreign transactions in the Philippines. This situation provides what the Survey aptly calls "both a challenge and an opportunity for economic statesmanship."

The Survey thus establishes a necessary signpost along the difficult route of economic development within an institutional framework of free trade.

GABRIEL Y. ITCHON