

1953, amounted to over \$44,000,000,000, of which \$33,000,000,000 was in grants and \$11,000,000,000 in credits. During the fiscal year ending June 30 last, total foreign expenditures were still above \$5,000,000,000.

This burden was willingly assumed and continues willingly to be borne by the majority of the American people, but there have not been lacking critics who have condemned this "give-way" program as economically unsound.

The question no doubt has arisen in many minds, How can any national economy bear such a burden? And even if it is able to, why should it?

Unprecedented as the program of American aid to the other countries of the free world has been and remains, there is no great mystery as to what made it physically possible. Of course, no \$50,000,000,000 in gold has gone out of the country. The total largely represents grants and credits to the various countries against which they obtained the products of American industry for which the American Government paid the producers out of revenues raised by taxation and from the proceeds of government bond issues.

What made and makes this possible is the titanic production system of the country built up under its free enterprise economy. Though there were serious shortages for some years after the close of the war, and the foreign aid program was therefore all the more a national exercise in self-denial, the products of American industry sent abroad were actually and necessarily surplus over what was consumed at home. And even so, the standard of living of the American people remained the highest in the world.

It can be said that, comparatively speaking, America has for itself solved the problem of production. It has virtually escaped from the age-old economy of scarcity that still enmeshes most of the rest of the world and has entered upon an economy of abundance which has hitherto been envisaged only in an utopia.

Can American aid to other countries be considered as "uneconomic"? The old economists recognized in the purely economic no other motive than that of interest, eliminating from economics everything that was not concerned with the desire for gain. But these old conceptions have had to be broadened, if not abandoned. There never was such a being as the theoretically projected "economic man" for no man is governed solely by his most selfish interests but also by his feelings and convictions. He supports, besides himself, his children and the aged, he supports schools and hospitals and charitable institutions, he makes gifts and donations. As one economist has said, altruism as well as egoism has to be taken into consideration in economic questions, and—

"personal interest expands progressively, and becomes family interest, corporate interest, class interest, national interest, and even reaching its last limit, the interest of humanity."

THE American foreign aid program was first adopted mainly to assist European recovery and to strengthen our allies against the growing threat of Russian communist domination which was being facilitated by the state of disorganization which existed. Later, the foreign aid program was gradually extended to the less developed countries outside Europe, especially as the communist threat spread to those regions.

But the communist threat, actually, served only as a spur toward the shaping of a policy which would have been adopted sooner or later anyway for more fundamental and strictly economic reasons.

As Eugene Staley says in his notable book, "The Future of Underdeveloped Countries" (Council of Foreign Relations, Harper & Brothers, 1954):

"The type of program symbolized by Point Four is by all odds the most affirmative concept that has been introduced into American foreign policy in this generation. If it is adequately supported—by public funds, by the growth of private investment and trade, and by

the related actions that demonstrate America's sincere interest in the progress of all peoples toward self-government and toward cooperation based on mutual respect—then it will also prove the most effective defense against the Communist threat."

It will be noted that Staley refers to the Communist threat only as an "also". He stresses the progress of all peoples toward self-government and toward cooperation based on mutual respect. Elsewhere in his book, he says:

"...extreme contrasts between the modernized West and the rest of the world in food, clothing, housing, health, education, personal freedom, and political participation can not continue indefinitely. Under the world conditions of today, either the human benefits that we like to think of as characteristic of Western civilization will also become available to the rest of the world, or they will be lost also even to the West."

Economically as well as politically and strategically, we are today being forced to consider the one-world concept, one-world organization, the equalization of economic capacity everywhere. This is in accordance with the economic "Theory of Growth" to which President Eisenhower referred in his message. He spoke of economic growth in the underdeveloped countries as being necessary not only to themselves, but necessary for the continued growth of the American economy, for even a highly advanced economy must continue to grow if it is to maintain its dynamism. And fundamental is the fact that an expanding economy requires an expanding foreign trade, which, in turn, can be based only on an expanding production abroad as well as at home. In this matter, the Communist threat, in so far as it is economic, can play only an incidental or secondary part, for no slave economy can ever match a free enterprise economy in productivity.

THE importance to Western economy of the underdeveloped countries is even today much greater than many people realize. As Stacy May points out in a recent article in *Foreign Affairs* (January, 1955):

"Quite apart from such imperatives of Western defensive strategy [as dictated by Soviet strategy], there has arisen in addition an increasing awareness that the economic dynamism of the highly industrialized nations of the free world is genuinely dependent upon the achievement of a comparable dynamism in the underdeveloped economies. In 1952, one-third of the combined exports of the United States, Western Europe, and Canada found outlets in the markets of the underdeveloped countries. Something like 40% of their total exports of manufactured goods were also marketed in these areas. No business interest can afford to be complacent about future prospects in such an important segment of its markets.

"The degree of interdependence is shown even more conclusively by the amount of supplies the industrialized nations draw from these regions. The records show (also as of 1952) that the United States, Western Europe, and Canada are dependent upon the underdeveloped areas for 50% of their combined imports of industrial raw materials and 48% of crude foodstuffs. Since these import needs of the industrialized nations have been steadily expanding, and promise to increase at an accelerated pace, *growth in the underdeveloped economies is obviously to the interest of the West.*

"These three imperatives—the strategic considerations,—the quest for access to expanding export markets, and the need to assure an increasing source of primary products, impel the industrialized West to forward the development in the backward sectors of the world.

"Clearly, there are non-material motivations as well,—humanitarian and moral, which have an important weight in the traditional attitude toward other people..."

But strictly in economic terms, any American aid used to promote the economic development of other countries can be considered as a wise and indeed a necessary investment in *national* and *world* economic growth; the two are not to be separated.

At the thirty-first* annual meeting of the American Chamber of Commerce of the Philippines, Inc., held, by Elks Club courtesy, in the Club's **The New Chamber Assembly Hall**, on January 28, the election of the Board of Directors resulted in the re-election of all seven of the members of the 1953 Board who had been nominated for re-election, **Officers and Board Members**

and the election of two new members, Mr. C. A. Larsen, General Manager, Standard-Vacuum Oil Company, Philippines, and Mr. W. C. Palmer, III, President and General Manager, Getz Brothers & Co., Inc. Mr. Palmer was Vice-President of the Chamber in 1953 and Acting President during the last few months of that year.

At the organization meeting of the Board, held on January 31, Mr. Paul R. Parrette was re-elected President, Mr. W. C. Palmer, III elected Vice-President, and Mr. A. H. Henderson was re-elected Treasurer, Mr. I. T. Salmo being re-elected Secretary. Mr. Stanley N. Fisher remains Executive Vice-President.

THE following are the business connections of the officers of the Chamber and the other members of the Board, in alphabetical order:

Mr. Frank C. Bennett, Vice-President, Atlantic, Gulf & Pacific Company of Manila.

Mr. A. H. Henderson, President and Treasurer, American International Underwriters for the Philippines, Inc.

Mr. C. A. Larsen, General Manager, Standard-Vacuum Oil Company, Philippines.

Mr. W. C. Palmer, III, General Manager, Philippines, Getz Brothers & Co., Inc.

Mr. Paul R. Parrette, President and General Manager, Philippine Manufacturing Company.

Mr. Merle S. Robie, General Manager, Columbian Rope Company of Philippines, Inc.

Mr. Ewald E. Selph, Member of the firm, Ross, Selph, Carrascoso & Janda.

Mr. F. H. Spengler, Managing Director, Philippines, American President Lines, Ltd.

Mr. Paul H. Wood, President and General Manager, International Harvester Company of Philippines.

*The Chamber was incorporated July 3, 1920, but was inactive during the years of the Japanese Occupation,—1942, 1943, 1944, and until February, 1945. The Chamber will observe the 35th anniversary of its founding during the present year.

The American Chamber of Commerce of the Philippines, through this *Journal*, extends its congratulations to the member-firm, Koppel (Philippines) Inc. on the occasion of the fiftieth anniversary of its founding and the inauguration of its new headquarters on Taft Avenue.

The history of the Company began in 1904 with that of its predecessor firm, the one-man machinery business of Henry A. Cooper, who had come to the Philippines with the United States Army in 1899. The firm dealt in light machinery and industrial railway equipment. In 1910, A. H. Bishop joined the firm then known as H. R. Cooper & Company. The first branch was opened in Iloilo in 1913, under the name "The Cooper Company". In 1917, Mr. Cooper sold his interest in the firm and became general representative of the Pressed Steel Car Co., Inc. for the Far East, with headquarters in Shanghai, while Mr. Bishop became General Manager of the

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Annual Report of the President

American Chamber of Commerce of the Philippines, Inc.

IT is a pleasure to welcome you to this thirty-first annual meeting of the American Chamber of Commerce.

We wish particularly to welcome the many new members who have joined the Chamber this past year and are attending an annual meeting for the first time.

The Board wishes to thank all the Chairmen and members of the standing committees who have given so freely of their time during the year. It is the effort of these groups which, in the final analysis, makes the American Chamber an effective organization.

In the opinion of the Board, 1954 was a successful year for the Chamber. A number of changes were made which we believe had the effect of strengthening and improving Chamber operations.

(1) In an attempt to do something about the occasional complaint that the entire membership has not been well-enough represented in Chamber activities, we took steps to place the chairmanships of all the major standing committees in the hands of men not members of the Board, but liaison was maintained between the Board and the various committees by different members of the Board acting as counsellors, each to one committee.

(2) We also took steps to enlarge and broaden the membership of the various committees and efforts were made to assure participation in the work of the committees by representatives of all types of business. A total of 51 persons served on the various committees during the year, and almost half of these were men other than the accredited representatives of the active member firms.

It is our intention to suggest to the new Board that participation in committee work be encouraged by enlarging the committees and perhaps by creating additional committees.

(3) It is generally felt that our move to the new quarters here in the Elks Club Building was a good one. We have more space, in more pleasant surroundings, at a rental no larger than we paid for the former quarters on San Luis Street. The Board wishes to express its appreciation to the Elks organization for its fine cooperation in working with us on the problems involved in the move. As part of our arrangement, the Elks made this Assembly Hall available to us for our meetings at no cost. We expect the present arrangements to work out to mutual satisfaction for a good many years to come.

(4) The Board secured the services, six months ago, of Mr. Stanley N. Fisher as Executive Vice-President. This was in line with the express desire of this and former Boards to place the active management of Chamber affairs again in the hands of a man rather than a woman so as to make a broadening of Chamber activities possible. The Board feels that this was a constructive move and that the choice

of Mr. Fisher was a fortunate one. As he becomes more familiar with his job and with conditions here, he will become increasingly more valuable to our organization. I may say that, from my standpoint, Mr. Fisher's coming into the job has meant a considerable lightening of the burden on me.

(5) Before getting to the business of the meeting today, I should like to mention one other point which I believe is frequently overlooked by the membership as whole. There are many things that are done by the Board of Directors during the year to protect American business interests in the Philippines which we have no right to publicize. The very nature of some of our contacts with the American Embassy and various Philippine Government agencies is such that the matter of information-release must be left to them. But the point I wish to make is that every member of the Chamber is a beneficiary of many real and unrecorded actions that are frequently taken in the interest of improving the "climate" for American business in the Philippines.

I have here the minutes of last Year's annual meeting, and if someone will make a motion that we dispense with the reading, I shall proceed to the second part of my report,—short digests of the reports of the various standing committees and those of the Editor of the *Journal* and of the Executive Vice-President.

Finance and House Committee, A. H. Henderson, Chairman. The Annual Financial Report for the calendar year ending December 31, 1954, prepared and certified to by our auditors, Sycip, Gorres & Velayo, has been completed and will shortly be distributed to all members. The highlights are the following:

	Chamber	Journal	Summary
Income.....	P63,221.35	P49,994.84	P113,216.19
Expenses.....	69,785.16	51,281.96	121,067.12
Net Operating Surplus (Loss).....	(P6,564.81)	(P1,287.12)	(P7,850.93)
The net operating loss in more than accounted for by:			
1. Journal deficit.....			P1,287.12
2. Salary increases.....			5,000.00
3. Terminal and vacation pay for former Executive Vice-President.....			1,500.00
4. Office moving expense.....			1,975.75
			P9,762.87

The last two items, totaling P3,475.75, are non-recurring expenses and should be eliminated from any anticipated operating expenses for the year 1955.

The past year's membership drive netted the Chamber 44 new active members and 2 new associate members. Entrance fees for these new members, which would have totaled P11,000, were waived by