

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

(Continued on page 82)

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

special action of the Board. Additional income in dues from the new members, however, is estimated to be around P16,000 for 1955, and other things equal, it may be forecast that operations for 1955 should break even; relatively small increases in membership dues and in *Journal* advertising income for 1955 would result in a surplus.

Of special interest,—and carried fully reserved on the Chamber's books, is a pre-war bank balance amounting to P36,353.97, representing Chamber funds sequestered by the Japanese military authorities and transferred to the Bank of Taiwan. Through the passage of U. S. Public Law No. 744 last year, the collection of a substantial part of this sum seems probably within the near future as steps have already been taken to submit the Chamber's claim.

Membership Committee, Lawrence E. Snell, Acting Chairman; John Oppenheimer, Counsellor. Early in the year, this committee, composed originally of only three members, decided to undertake an aggressive drive for new members. During the five months from August through December, their efforts were responsible for an increase in Chamber membership amounting to 25%. On July 1, the membership stood at 148 active members, 33 associate members, and 2 non-resident members,—a total of 183; on December 31, at 191 active members and 35 associate members, with no change in the non-resident membership,—a total of 228, or an increase of 45. This compares very favorably with an increase of only 6% in the membership during the preceding six-and-a-half years. The thorough coverage of the whole field of existing prospective members has now brought the Chamber to a point at which it seems probable that any further increase must chiefly be drawn from new American firms which may open business here in the future.

The following factors are held largely responsible for the success of the year's membership drive: (1) The committee increased its own membership from 3 to 11 men, all of whom made repeated personal contacts with prospective members; (2) The action of the Board in waiving entrance fees during the course of the drive; (3) Preparation by the committee, and design and production by Philippine Advertising Associates, of a printed brochure describing the services of the Chamber which was sent out to all prospective members.

Civic Affairs Committee, R. M. Bownass, Chairman; F. H. Spengler, Counsellor. Although the American Chamber of Commerce of the Philippines is primarily a trade organization, it also has certain civic responsibilities. During the year 1954 the committee's major activities have been concerned with:

(1) **Community Chest Drive**: As in 1953, during which the American Community received the Community Chest Honor Award for having over-subscribed its quota, the 1954 drive was again carried out under the Chamber's Civic Affairs Committee and the quota of P100,000 was again over-subscribed by some thousands of pesos.

(2) **George W. Hubbell Monument**: This monument, erected to the first American Consul to the Philippines during Spanish times, was transferred from Plaza Cervantes to the grounds of the American Embassy on Dewey Boulevard as a joint project of the Embassy, the American Association, and the Chamber.

(3) **Philippine-American Day**, August 13: With the Chamber of Commerce of the Philippines and the American Chamber as joint sponsors and their respective Presidents acting as Co-Chairmen by appointment by President Magraysay, arrangements were made and very successfully carried out for the first celebration of Philippine-American Day, August 13, day which formerly has been observed as Occupation Day, commemorating the occupation of the City of Manila by the American forces in 1898.

The Civic Affairs Committee has throughout the year extended its advice and cooperation to many other civic organizations and undertakings, both Filipino and American, including the Social Welfare Administration, the Boy Scouts of the Philippines, the Memorial Day celebration, etc.

Foreign and Domestic Trade Controls Committee, Newland Baldwin, Chairman; Paul H. Wood, Counsellor. During the early part of the year 1954, this committee attended numerous hearings held by the Congress of the Republic of the Philippines on the many trade control bills which were introduced, of which by far the most important was the Retail Trade Nationalization Bill. The committee was most active with regard to this Bill, enactment of which, it was felt, would disrupt the economy of the country, cause wide-spread unemployment, and result in discouragement of investment capital and perhaps even withdrawal of capital. Many representations were brought against the Bill, both by the committee as such and in collaboration with other trade bodies, but, as is known, the Bill became law as Republic Act No. 1180. It is to be noted, however, that the opposition to the Bill did result in some modification of the provisions as originally proposed. It is to be noted also that Secretary of Justice Pedro Tuason, in Opinion 189, Series 1954, ruled in effect that Americans and American entities are exempted from the provisions of the Act. Present indications are that the Act may be amended during the present session of Congress.

While it is the understanding of the committee that the rights of American citizens and business entities are to be protected under the proposed revision of the Trade Agreement of 1946, it is of the opinion that the Chamber will have to remain watchful.

A Bill which was not passed, was S. B. No. 167 which provided for an "incentive plan for exporters" through the issuance of negotiable import-certificates to export-producers. Because of the controversial nature of the Bill, the committee undertook only to provide facts and figures and to point out both the detriments as well as the possible benefits of the scheme.

Some six months ago, the Department of Commerce and Industry issued a list of import items it was proposed to ban. The committee

obtained the opinions of a large and representative group of Chamber members with respect to this and sent the tabulated results to the Board which presented them, with a covering letter dated October 4, to Secretary of Commerce and Industry Oscar Ledesma. An editorial based on the committee's memorandum was published in the October issue of the Chamber's *Journal*.

In closing the committee wishes to call attention to the fact that in the public hearings held during the year, Chamber representatives were under a directive stipulating that they were to act only as observers and make sure that their comments were not taken as officially committing the Chamber. It is felt that such instructions operate to the detriment of the interests of the Chamber, particularly as it has been noted that in these hearings the comments of Americans were listened to with considerable respect and interest; this was particularly true in the case of the congressional hearings, at which, without doubt, honest effort is made to obtain sound advice.

It is recommended, therefore, that every legislative measure of importance to the Chamber be studied by the Board and by the Chamber committees and that a definite position be taken with respect to them in line with which Chamber representatives at public hearings would be permitted to speak for the Chamber.

[The President of the Chamber, Mr. Parrette, on reading the foregoing at the Annual Meeting, made the following comment:

"This suggestion has merit and the outgoing Board will recommend to the incoming Board that whenever possible, Chamber representatives at such public hearings be authorized to speak for the membership as a whole"].

Industrial Relations Committee, E. C. Hostmann, Chairman (January to June), Ned S. Fox (July to December); F. C. Bennett, Counsellor. During the first session of the Third Congress of the Republic of the Philippines, some 40 bills were introduced, some believed to be beneficial, others detrimental to Labor-Management relations. At the public hearings on these bills the Chamber was represented in a Labor-Counsel group, a joint body composed of representatives of all the various Chambers. Hearings attended included those on the following bills:

(1) **Nationalization of Labor Bill**. This Bill was most strongly opposed by the American and Chinese Chambers, and although it did not pass, there is evidence of strong support for it in both Houses.

(2) **Profit-Sharing Bill**. This Bill, for obvious reasons, gained little support in either House.

(3) **Veterans-Employment in All Industries Bill**. This Bill, which would have required that 10% of the employees of all business firms be veterans, or widows or orphans of veterans, of World War II, was strongly opposed by all Chambers, including the Chamber of Commerce of the Philippines and the Philippine Chamber of Industries, and was not passed.

(4) **Forty-Hour Work-Week Bill**. The Joint Labor Committee presented a report on this Bill to the Senate and House labor committees, showing the detrimental effects its provisions would have on the economy of the country under present conditions; despite the fact that organized labor was fully behind the Bill, it failed of passage.

(5) **Bill to Abolish the Court of Industrial Relations**. The committee opposed this Bill as it opposed a similar Bill in 1953; in so far as we know, it was not reported out by the labor committee of either House.

(6) **Social Security Act**. Although strongly opposed by all Chambers,—whose requests that public hearings be held were not granted, this Bill was passed by Congress. After passage, a request was made to the President of the Philippines that a public hearing be held, but again this request was not granted, and the Bill was signed. As enacted, the Act, however, only establishes a Commission to study the matter of establishing a social security system, and it is possible that after such a study, it may be decided to postpone establishment. The committee does not think that the Act will generally affect Philippine industry at this time.

During the last half of the year 1954 the committee has been active in presenting the views of the Chamber at various hearings held by the Senate Labor Committee and the Department of Labor.

The Senate Committee on Labor, headed by Senator Justiniano Montano, held hearings on the matter of unemployment. The Chamber committee expressed the view at these hearings that greater industrialization would be a principal means of providing more employment and that industrialization would be best brought about by a legislative program which would not frighten foreign capital away. It was pointed out, in particular, that such laws as the Retail Nationalization Act, the premature Social Security Act, and such proposed legislation as the "Industrial Partner" Bill and the "Forty-Hour Week" Bill, adversely affect the flow of investment capital.

Members of the committee attended a number of long and stormy hearings held by the Department of Labor on the rules and regulations to be adopted for implementing Republic Act No. 1052, the Emergency Medical and Dental Care Act. The committee expressed the opinion that the law was poorly phrased and that it should not be carried out too literally, but in spite of these representations and the criticism of other Chambers and medical groups, the rules and regulations adopted, which became effective on January 1, 1955, interpret the Act far too rigorously. The committee recommends that amendment of the Act be pushed.

The committee worked with the National Employment Service of the Department of Labor in simplifying the forms originally sent out to a number of large firms which called for very detailed information as to each man and woman employed. Agreement was reached with the Commissioner of the Service on a greatly abbreviated form, similar to that which is regularly submitted to the Central Bank; this will give the NES satisfactory information without requiring so much unnecessary clerical work from employers.

Toward the end of the year the committee prepared an article covering proposed and desirable changes in various existing labor laws,

which was published in the Chamber's *Journal* for January, 1955, in time to coincide with the opening of the second session of the present Congress. This article outlines the Chamber approach to legislative measures, certain of the provisions of which militate against the desired further industrialization of the Philippines.

Legislative, Taxes, and Legal Affairs Committee, V. H. Bello, Chairman; E. E. Selph, Counsellor. The activities of the committee during 1954 consisted largely in reviewing approximately 200 pieces of legislation as introduced into the Congress of the Republic of the Philippines and, where necessary, developing interpretations and recommendations for the use of the Chamber Board, other standing committees, and the Chamber membership in general.

Among the bills made law during the year, the Retail Trade Nationalization Bill, which became Republic Act No. 1180, undoubtedly created the greatest amount of discussion. The committee's recommendation that this Bill be not passed was fully supported by the Board, which, besides making recommendations against its passage before the House committee on commerce and industry, lodged a strong protest with President Magsaysay in collaboration with the Chinese, French, Indian, Spanish, and Manila chambers of commerce. Despite these efforts, the Bill was passed and was signed by the President.

Of the bills introduced, but not passed, the following are worthy of note:

H. B. No. 17, To establish a free trade zone in the Port of Manila. The committee had no objections to this Bill.

H. B. No. 448, To require all alien temporary residents to execute and file with the Government an affidavit of good conduct (and to) pay a filing fee of P50 for each affidavit. The committee had no objection to the filing of such affidavits but did object to the fee, which was considered exorbitant.

S. B. No. 42, To provide that the term of existence of a corporation should be extendable for another period of not more than 50 years. The Board agreed with the committee that the Chamber should support this Bill as both proper and timely.

H. B. No. 2363, To nationalize the banking system of the Philippines. The committee made no recommendations to the Board on this Bill as the various foreign banks involved were in a position more properly to oppose it and were successful in doing so.

Trade Agreement Revision Committee, Victor N. Smith, Chairman; Merle S. Robie, Counsellor. The first meeting of the committee was held in March for organization purposes and thereafter weekly meetings were held quite regularly. Two members of the American Embassy staff attended an early meeting of the committee, by invitation, and were asked what it was thought the Chamber could do or recommend with respect to the proposed revision of the Trade Agreement. It was decided and recommended to the Board that the Chamber should circularize the membership asking each member firm to write to its suppliers in the United States to suggest that they urge their respective senators and representatives in the United States Congress to extend the period of free trade so as to give more time for the discussion and negotiation of desirable amendments. Early in April such a letter was sent to each member of the Chamber.

Later in April, Mr. S. W. G. Lehman, then the Counsellor of the committee, attended a committee meeting and discussed with the members a meeting which members of the Board of Directors had had with President Magsaysay, and the committee was asked to prepare a brief statement in answer to various objections which had been raised in local circles against the provisions of the existing Agreement. In July the committee submitted a final draft of a statement entitled "Analysis of the Arguments against the Trade Agreement." This was presented to President Magsaysay in memorandum form and was later published in the September issue of the Chamber *Journal*.

At another meeting, it was suggested that it would be an excellent thing to have some competent person, thoroughly familiar with the problems of American business in the Philippines, as a member of the panel, to be appointed by President Eisenhower, which was to negotiate on the terms of the proposed revision with a similar Philippine group. The names of three men, then in the United States, were suggested by the committee, and the matter was followed up by the President of the Chamber. However, nothing came of this as the United States panel was soon thereafter appointed.

In August, the committee sent the Board of Directors its final report relative to the revision of the Agreement which was quite brief as the committee felt that not much more could be done until more information was available as to the revisions which the Philippine Mission would ask for.

At the last meeting of the committee, held in September, it was decided to submit no further recommendations to the Board inasmuch as the proposals of the Philippine Mission were advanced largely on a political rather than an economic basis.

Subsequent developments have indicated that the decision of the committee and of the Chamber Board to limit the Chamber's statements, was a wise one as the proposed agreement recently signed in Washington appears to have been worked out on a basis to which the Chamber can subscribe.

American Chamber of Commerce Journal, A. V. H. Hartendorp, editor and manager. During 1954, with only a slight increase in expenses, the total income, chiefly from advertising, fell from previous levels to a point where, in order to keep the editor's earnings at the 1952 level in accordance with the Board's express desire, the Board not only authorized the transfer of the full net operating surplus to his account, but supplemented this amount by just under P1,300 for the year. This amount, therefore, represents the net operating loss for

1954. While this loss is admittedly small, it should not be allowed to continue, and, as indicated, the remedy is to be found in increasing the advertising support. An increase of only around P750 a month in advertising carried would give the *Journal* the best financial year it has ever had.

From all other viewpoints than the financial, the *Journal* has experienced an entirely satisfactory year, as the editor's report, shortly to be distributed to the membership, will show.

Mention may be made here, however, of the readership survey conducted during the year by Robot Statistics under the guidance of a special committee composed of Messrs. Harry Lee, John Lasley, and Richard Bownass, which gave unmistakable evidence that the *Journal* is a publication of influence and held in wide respect in all sections of the business community. All of its various regular features received favorable comment and there was not one serious criticism. The result of the survey was such as to confirm the Chamber's satisfaction with its official organ and to indicate that it is well worth while to devote special effort toward increasing the advertising placed in the *Journal*.

Report of the Executive Vice President, Stanley N. Fisher. The activities of the Executive Vice-President cover in some degree virtually every phase of the Chamber's operations, but there are certain phases which are his particular responsibility to which this report is confined. These are:

(1) Administration and supervision of the Chamber Headquarters and office staff. We have been located since August in our new quarters in the Elks Club Building; the facilities and surrounding are ideal and should prove adequate for the Chamber's needs for years to come. The office staff of 11 has remained almost unchanged during the year and has been found both efficient and faithful. Personnel relations could not be better and Chamber members may be assured of efficient, willing, and courteous service from all.

(2) Editing of the Bulletins. The weekly bulletins have for some years constituted one of the most useful and appreciated of all Chamber services. Further improvement has been sought and since September the bulletins have been issued with a Table of Contents which facilitates reference and upon which many members have commented favorably.

(3) Attendance at, and keeping of the Minutes of, all meetings of the Board of Directors.

(4) Representation of the Chamber both in person and by conduct of its correspondence.

(5) Carrying out special projects and developing new projects. Among some of the special projects are (a) Surveys conducted among both member and non-member firms to keep our files of business information complete and up-to-date. (b) Securing "Blue-Sunday" Law permits for many of our members. (c) Arranging for "alien registration" at the Chamber offices not only for members of the Chambers but others belonging to the American community; last month, over a thousand persons were registered at the Chamber during a period of three days,—some 400 more than in any preceding year. (d) Editing, since last October, a new department in the Chamber's *Journal* entitled "Chamber Business" for the purpose of keeping members regularly informed of the Chamber's various activities. In mentioning the *Journal*, the Executive Vice-President would like to make special reference to the most friendly spirit of cooperation and collaboration that exists between him and the *Journal* editor.

As for the development of new projects, a few may be mentioned:

(a) Preparation during 1955, to celebrate the Chamber's 35th anniversary, of a complete Chamber Directory which will include, among other things, a full list of all the American manufacturers represented by American firms in the Philippines. (b) Holding a 35th Anniversary banquet sometime in July, 1955. An annual banquet during this month every year might provide a welcome counter-balance to the "strictly-business" nature of the annual meetings which are now held in January. (c) Development of means by which visiting American businessmen will be more systematically and more fully informed of the existence of, and the services offered by, the Chamber. This could be done through such agencies as the Chamber of Commerce of the United States, Washington, D. C., the Philippine American Chamber of Commerce, New York, various air lines and travel agencies, and the like. (d) It has been noted elsewhere in the President's report that an increase in *Journal* advertising of around P750 a month would give that publication the best financial year it has ever had; it is believed that a committee might well be formed with this as a specific goal.

In closing, the Executive Vice-President would like to express his sincere thanks to the many persons and groups who, during his six months with the Chamber, have done so much to direct and help him in the discharge of his duties,—the officers and members of the Board of Directors of the Chamber, the Chairmen and members of the various standing committees, the editor of the *Journal*, and the Chamber office staff, and, to those, should be added the many other members of the Chamber who have on so many occasions given him the benefit of their experience and advice.

Concluding Remarks of the President

In conclusion, I should like to take this opportunity to thank the Directors and the members of the Chamber, and also the Chamber staff, for the splendid cooperation that has been extended to me,—and which, I feel, was responsible for a good year's operation.