

people of the world as a whole; as capital is scarce, the main problem is how to produce more of it in the places where it can be most readily and easily produced; this is a task which demands the creation of a suitable code of international conduct under which both borrowers and lenders will be forced to act responsibly,—both in investing capital and in the use of capital so invested."

It may appear to some that there is a suggestion of the "immoral" about this,—as if capital existed only to breed more capital, but it is to be noted that the writer gives as the justification for his statement the fact that capital is not abundant, but scarce, and that *therefore* the main problem still is how to produce more of it; he does not say that this is the only problem. Also, he is thinking in terms of the interests of the people of the world as a whole.

In these few quotations from the book, no specific reference is made to the basic conception that economics deals ultimately with the satisfaction of human wants, but, of course, that must be taken as implied.

In reading these excerpts, the question arises in one's mind, Is the Philippines among those places in the world where, as a result of capital investment, more capital is most readily and easily produced? And the further question: Or do we place too great an emphasis on what may immediately be derived from capital investment—high taxes, rents, wages, etc.?

Perhaps we can think of the nature of capital in the homely terms of a family which has acquired a few pigs. Now, no wise family would start immediately to butcher and eat those pigs. The family would wait for its pork-chops and ham and bacon until there had been some natural increase in the number of pigs. As there are so few pigs, *the main problem, at first, would be to produce more pigs.* There would be the planning and the management and the labor needed for this, the abstinence and the saving, the consequent development, production, and increase, and, finally, the surplus,—and the very satisfying consumption.

There is nothing "immoral" in looking upon capital in that way.

But, someone may say, suppose that family was starving! The answer to that is that if the family was in such

straights and it recklessly ate all the pigs, it would soon be starving again, and, this time, with nothing to work for or look forward to. What such a family would need, would be charity, alms,—not capital in the form of pigs. It might, or might not, get the charity.

If, however, the family had a good reputation for diligence and honesty, and was in difficulties through no fault of its own, it might very well be that someone with pigs to spare might turn over some of them to the family on mutually advantageous terms. That would be a form of capital loan, and the motive for granting it would have nothing to do with charity; it would only be good business, but a very constructive form of help for all that.

Urgently recommended reading for our businessmen and government officials are pages 21 to 26, inclusive, of

Urgently Recommended Reading

the March 8 issue of *Newsweek* on the economic recovery of the Netherlands, which is called a "common-sense miracle". "The story is so exceptional," states *Newsweek*, that the editors "decided to tell it in detail in this and the following five pages." One of the sub-titles reads: "Attracting Dollars: The Dutch Show Europe How." Lack of space and time prevents a fuller statement here with respect to this *Newsweek* presentation, but the reader will note some extraordinary resemblances between the Netherlands and the Philippines, both as to their problems and the measures taken toward their solution, increased industrialization being one of them.

The inducements to foreign capital investment by the Dutch are listed under the headings: Strategic location, Excellent transportation, Favorable industrial and business "climate", and Cheap, reliable, intelligent labor. The question will arise, "What have the Dutch got that we, in the Philippines, haven't?" and therein will lie the chief value of the study of the article. Oddly, too, the reader will notice certain strong resemblances between the characters of Queen Juliana and President Magsaysay!

Annual Report of the Board of Directors for 1953

American Chamber of Commerce of the Philippines, Inc.

IN rendering this year's report as Acting President of the Chamber, I should like to present for the absent President, Mr. J. H. Carpenter, and myself, an acknowledgment and expression of sincere appreciation for the fine cooperation and assistance we received throughout the year from all members of the Board, the Chairmen and members of the several committees, all individual members of the Chamber, Mrs. Gonder, Executive Vice President, and her staff, and Mr. Hartendorp, Editor of the *Journal*. Also I should like to pay special tribute to the two dozen or so men, many of whom are members of the Chamber, who gave of their valuable time to write the general business columns each month for the *Journal*.

A spirit of general cooperation and, we believe, greater effectivity for the common effort, was noted throughout 1953. This spirit is deeply appreciated by all members of this year's Board of Directors.

I regret that Mr. Carpenter is not able to be present to render his annual report himself, but in his absence I shall do my best to submit to you a brief of the activities of the Chamber's operations as he might have done.

Directors

At the annual meeting held on January 30, 1953, the following members were elected to serve as Directors for the new year:

R. J. Baker, *Comptroller*, Manila Electric Company
Frank C. Bennett, *Vice President and Sales Manager*, Atlantic, Gulf & Pacific Co. of Manila
J. H. Carpenter, *Vice President and General Manager*, Colgate-Palmolive Philippines, Inc.
S. W. G. Lehman, *General Manager*, Standard-Vacuum Oil Co.
W. Cromwell Palmer III, *General Manager*, Philippines, Getz Bros. & Co.
Paul R. Parrette, *President and General Manager*, Philippine Manufacturing Co.
Ewald E. Selph, *Partner*, Ross, Selph, Carrasoso & Janda (Lawyers)
William M. Simmons, *Manager*, The National City Bank of New York

Paul H. Wood, *Vice President and General Manager*, International Harvester Co. of Philippines

At the organization meeting of the new Board, held on February 2, 1953, the following officers were chosen:

President, J. H. Carpenter
Vice-President, W. C. Palmer III
Treasurer, R. J. Baker
Executive Vice-President, Virginia Gonder
Secretary, Isabela T. Salmó

At the first regular Board meeting held on February 9, 1953, further organization of the Chamber produced the following Committees with their respective Chairmen:

Civic Affairs Committee, W. M. Simmons
Legislative, Taxes, and Legal Affairs Committee, E. E. Selph
Finance and House Committee, R. J. Baker
Foreign and Domestic Trade Controls Committee, W. C. Palmer III
Membership Committee, Paul R. Parrette
Bell Trade Revision Committee, S. W. G. Lehman
Industrial Relations Committee, F. C. Bennett
Science Foundation of the Philippines Sub-Committee, J. F. Dunwiddie

Due to certain resignations from the Board during the year, the following replacements were made:

(1) On November 2, Mr. A. H. Henderson, President, American International Underwriters for the Philippines, Inc., replaced Mr. J. H. Carpenter, and Mr. F. H. Spengler, Manager, American President Lines, Ltd., replaced Mr. S. W. G. Lehman.

(2) Due to the fact that Mr. J. H. Carpenter was transferred by his firm to Havana, Cuba, in November, he presented his resignation so that the Board could appoint a replacement if it desired. Mr. W. C. Palmer III was appointed as Acting President after Mr. Carpenter's departure.

The foregoing replacements brought about some changes in the committee chairmen and these have all been properly recorded in the Chamber's records.

Chamber Activities during 1953

During the year, your Board of Directors held 12 regular business meetings and 5 special meetings for the purpose of discussing and planning such actions as were warranted in matters pertaining to Chamber business. Standing committees met from time to time, discussed special events, and attended various meetings with different government bodies.

Every effort was made by your Board of Directors, through its Executive Vice-President, to keep every member fully informed on all important developments by means of regular bulletins.

Civic Affairs Committee—W. M. SIMMONS, Chairman

The activities of the Civic Affairs Committee are somewhat nebulous in that it is difficult to plan any particular program, and the Chairman and his assistants are required to take over from time to time such activities as would seem most proper to come under this heading. For instance, the Chamber undertook the sponsoring of the Science Foundation of the Philippines by organizing the Science Foundation Sub-Committee with Mr. J. F. Dunwiddie, of the Standard-Vacuum Oil Company, as Chairman.

Many requests are received by the Chamber to send official representation to various public functions which are given during the year, and it is usually the responsibility of this Committee to see that someone attends where the interest of the Chamber warrants it.

The principal activity of the Committee is in connection with the Community Chest drive. Although the Chairman of the Civic Affairs Committee is a director of the Community Chest, the chairmanship of the American Community Committee of the Advance Gifts Division was undertaken by Mr. Paul M. Cain, of the United States Rubber Company, to whom great credit is due. Mr. Cain and his assistants worked very hard and it is largely through his efforts that the American community contributed and pledged approximately ₱100,000.

The Chairman of the Civic Affairs Committee at this time would like to express his thanks and appreciation to those who helped in one way or another in the various activities of the Committee.

Legislative, Taxes, and Legal Affairs Committee—E. E. SELPH, Chairman

The Board continued to investigate the possibility of having U. S. dollars made available through United States agencies operating in the Philippines for meeting United States tax obligations on the part of American citizens residing here. No special plan has as yet been worked out by the United States Government for this, but the matter is being given consistent follow-up, and at this writing prospects of eventually obtaining relief in this direction are promising.

Your Board of Directors continued to work with the United States Embassy on the matter of pre-war claims against the Philippine Government filed with the Committee on Claims appointed under Administrative Order No. 6 of July 29, 1946.

Efforts in the direction of these and other matters will continue to be investigated and followed by the Chamber in the belief that eventually satisfactory results will be obtained.

Finance and House Committee—R. J. BAKER, Chairman

Our Annual Financial Report for the year 1953, fully certified by our auditors, has been completed and is available to active members upon receipt of their request.

In this report members will find detailed and complete data regarding our operations for the past year.

The Chamber has been operated on a sound and economical basis and is fully staffed and equipped to render maximum and efficient service to our membership.

Since at the end of 1952 we had just moved into the new Chamber offices, the House Committee had a quiet year and no major alterations in the premises were undertaken during 1953.

Foreign and Domestic Trade Controls Committee—W. C. PALMER III, Chairman

During the early part of 1953, various members of the Foreign and Domestic Trade Controls Committee attended all hearings of the House Committee of Commerce and Industry relative to proposed changes in the Import Control Law, Republic Act No. 650. These hearings proved to be of great importance in that they had much to do with bringing about the elimination of the Import Control Commission and the change-over to the present system whereby exchange allocations and licenses are handled by the Central Bank through the commercial banks. Although the various members of the Committee who attended the government hearings did so primarily in the capacity of observers for your Chamber, they did also speak and/or make recommendations for and on behalf of their own individual firms. It was quite apparent that the Philippine Government was, as always, most receptive to the proposition of consulting with our Chamber.

Your Committee worked closely with the Manila Chamber of Commerce in protesting House Bill No. 3532 which, if passed, would have been extremely detrimental to all importers and manufacturers of drugs and chemicals in the Philippines. Our joint letter addressed to His Excellency, President Quirino, on May 23, protesting House Bill No. 3532, we believe, was quite effective because when President Quirino vetoed the bill, his comments relative thereto, were taken almost verbatim from our letter.

Your Committee also worked, in conjunction with the Manila Chamber of Commerce, in the matter of the Manila City Council's proposal to amend Sections 1 and 2 of Ordinance No. 3420, relating to municipal taxes on wholesalers of general merchandise, and under which proposal the municipal sales tax would have been increased. On November 2 we, in conjunction with the Manila Chamber, wrote a letter to the Hon. Gonzalo S. Rivera of the Manila

City Council, stating our opinions in the matter. So far the municipal sales-tax rate has not been increased.

It is felt that valuable and cordial relationships were maintained and/or established with various government authorities, both Filipino and American, who are concerned with the many problems confronting the American business community, and that on the whole effective liaison was maintained. This Committee attempted to carry on where the outgoing committee left off, and it is anticipated that continued close liaison with various government authorities in the future will result in progressively successful relationships beneficial to the membership as a whole.

Membership Committee—P. PARRETTE, Chairman

The following figures indicate the membership of the Chamber on December 31, and changes made during the year:

Dates	Active	Associate	Non-Resident	Total
January, 1953.....	147	35	3	185
Added, 1953.....	4	1	0	5
Withdrawn, 1953.....	5	5	0	10
December, 1953.....	146	31	3	180

The figures represent a decrease of 1 active member and 4 associate members, making a net decrease of 5.

During the closing month of the year, the Membership Committee actively worked on several additional prospective members, at least four of whom have definitely signified their intention of joining as soon as they hear from their principals in the United States.

Bell Trade Revision Committee—REY L. PARKER, Chairman

During 1953, the Directors of the American Chamber of Commerce appointed a Committee from the Chamber membership to make a study of the several factors involved in proposals to revise the Bell Trade Act. This Committee held several meetings during the year for the purpose of considering all the factors involved. Their study of the Act and related problems included a review of Philippine post-war conditions affecting American interest in the Philippines. As a result of the studies made, a preliminary draft of recommendations was submitted by the Committee to the Board of Directors to form the basis for further discussion and study. As a result of the studies made on the general subject of revision of the Bell Trade Act, recommendations were drafted and submitted to the American Embassy in Manila.

After submitting the recommendations to the American Embassy, further informal discussions were held with a Study Group of the American Embassy. The last meeting was held with officials of the Embassy in November, 1953, after the general elections which resulted in a complete change of administration of the Government of the Philippines.

Further studies are being undertaken and the matter will continue to be investigated by the Chamber.

Industrial Relations Committee—F. C. BENNETT, Chairman

The Chairman and all members of the Industrial Relations Committee continued to work with the committees of the other Chambers of Commerce in presenting opinions, data, etc., on the preparation of laws and regulations affecting industrial relations.

Through the American Chamber's offices, many of our members were assisted in presenting their applications for exemption from the Blue Sunday Law for such divisions of their operations requiring uninterrupted operation or plant maintenance.

Exemptions were secured in all cases and the Chamber's Executive Vice-President was complimented by the Bureau of Labor on the method of presentation of each request.

Science Foundation of the Philippines Sub-Committee—J. F. DUNWIDDIE, Chairman

The Sub-Committee on Membership of the Science Foundation of the Philippines has held three meetings since its formation. This committee is essentially a fund-raising branch of the Science Foundation and is still in the throes of being organized. To date, very little work has been done by the committee; however, it is hoped that a membership drive will be inaugurated early next year for the purpose of raising funds to support the Foundation, which funds, it is hoped, will be more than met by United States contributions. No commitments on the part of the American Chamber have been made other than that of membership in the Foundation itself, which was established by the basic law creating the Foundation.

Report from the Executive Vice-President—VIRGINIA GONDER

During the year 1953, the Chamber had 5,188 visitors. This averaged 1 visitor every 22 minutes of Chamber working hours. Of this number, 97 visitors were from foreign countries. From these visitors and by correspondence, we have received hundreds of inquiries which have required research involving time and personnel ranging from one hour to one month to answer. From these visits and inquiries we have averaged one newspaper release per month, which provided 2,066 lines of free newspaper publicity, 104 of which were used in the United States, for the American Chamber of Commerce of the Philippines. This newspaper coverage gave us 22 pictures locally and 2 in state-side papers.

Twenty-one special committee meetings were held to cover emergencies such as the visit of Vice-President Nixon, Bell Trade Revision, Blue Sunday Law (held in conjunction with the Philippine Government, Department of Labor), Community Chest, etc.

We have inaugurated several questionnaire surveys which, having been processed, provided useful data for the Chamber and the American Embassy.

For the first time since the war, we have distributed copies of our printed By-Laws to all of our active members.

Many new processes were initiated during 1953, the efficiency of which is best judged by the fact that we are constantly solicited by United States government agencies and the Philippine Government for information. One of the better demonstrations of this was the efficiency with which the Blue Sunday Law exceptions were approved by the Philippine Government after being processed by the Chamber.

A matter in which we are particularly proud is our having two members of our Board of Directors chosen by special appointment of Dr. Renne, Chief of Mission, the Mutual Security Agency, as Field Counselors and Coordinators for the Contact Clearing House Program for M.S.A. (now the Foreign Operations Administration).

We have had to purchase an electric mimeograph, 5 desks, and 3 typewriters.

We were visited by two trade groups during the year, one from Detroit, Michigan, and one from Portland, Oregon. We are especially proud of the response shown by the members at the turn-out at the Polo Club Luncheon for the Detroit group—101 members attended with genuine interest.

We have received 47 "Thank-you" letters for services rendered by the Chamber, which actually represents a small percentage of the many services we actually perform. However, it is heartening and gratifying to have people indicate their appreciation.

Of course, our highlight of the year was winning the Publications Appraisal Award for 1953 at the American Chamber of Commerce Executives Convention held in Oklahoma City last September. The Chamber's weekly

Bulletin, in competition with cities of 500,000 population or more (such as St. Louis, San Francisco, and Rochester), won first prize. In addition to this honor, we received special recognition of our Chamber on a state-side television broadcast. Pictures of our Chamber offices were selected and displayed as representing an ideal office lay-out which might well serve as a model which other Chambers might care to copy.

American Chamber of Commerce Journal—A. V. H. HARTENDORP, Editor

Efforts to increase the advertising were made with some success, an especial appeal being made to our members to assist in making possible the publication of the editor's series of articles on the industry and trade of the Philippines. Had it not been for this special advertising received from a few of our larger firms, the advertising income for the year would have been lower than it was. With this help the *Journal* was able to publish this series and to avoid any great reduction in the number of printed pages, which ran up to 500 for the year, as against 508 the year before.

Although the *Journal* passed through a relatively bad year financially, it was editorially one of the best. The established policy was continued much as in previous years, with all editorials of a controversial nature approved in advance of publication by the President, or, in the more important instances by the entire Board. This has always been done at the request of the editor himself who is well aware of the fact that the *Journal*, as the organ of the Chamber, should represent the views of the Chamber membership insofar as these can be determined.

Perhaps the greatest interest was aroused by the editorials on the cost of living in Manila compared with the living costs in other cities of the world, and on the number of Filipinos in the United States as compared to the number of Americans here.

Special articles appeared in the *Journal* by such business and government leaders as Secretaries Balmaceda and Mapa, Col. Andres Soriano, Mr. Hans Menzi, and Mr. Leonides S. Virata.

The monthly columns published in the "Business View" department of the *Journal*, with monthly personal contributions from leading businessmen in their respective fields, were maintained and continue to constitute one of the most sought-after and important parts of the *Journal*.

Of special and permanent interest was the series of articles, already referred to, written by the editor under the title, "Short History of Industry and Trade of the

Philippines". The series made most interesting reading, the chapters on the Japanese occupation representing new and up to then unpublished work, and otherwise contained so much significant information not generally available, that the Board decided on reprinting the series in book form. Bound in cloth and running to nearly 300 pages, the book was sold at ₱10 a copy but with a complimentary copy sent to each member of the Chamber. Of the edition of 515 copies, only around 100 copies remain. Because of the presidential elections in November, the "Short History of Industry and Trade of the Philippines" was brought to a close with an instalment on the Roxas Administration. The editor has informed us that he is now at work on a final instalment or two on the Quirino Administration which it is planned to publish in the *Journal* during the present year.

We should like to most strongly appeal to all members of the Chamber, to take action now by giving our *Journal* more advertising this year than it has received in the past. We believe you all will agree that the *Journal*, as the official organ of our Chamber, must be supported in a manner which reflects the importance and dignity of the organization.

The *Journal* continues to be more and more widely read, both here and abroad, and it represents your Chamber with both ability and dignity, assists in establishing for our Chamber the personality it could not build in any other way. It is earnestly recommended that our membership expand the use of the *Journal* by making regular monthly copies available to their home offices and/or their associates overseas. All those associated with the *Journal* and its valuable work, deserve our commendation and thanks.

Future Prospects

Upon entering the new year, it is apparent in innumerable ways, that everyone in the Archipelago looks forward with hope and confidence to prosperity and peace for 1954. The recent change in administration has been greatly responsible for this feeling and there appears to be every possibility that great progress will be made toward solving the many problems which are so vital to business in the Philippines. There is a general feeling that the climate for American business will improve.

With continued close relationship between the Philippines and the United States, favorable political and economic developments are to be expected.

W. C. PALMER III
Acting President

Excerpts from the Annual Report of the Board of Directors for 1953

Philippine American Chamber of Commerce, New York*

Exchange Controls

On May 23, Governor Miguel Cuaderno of the Central Bank of the Philippines announced that immediate payment of all unremitted balances of backlog accounts due the United States from the Philippines could be made. The Bank's Monetary Board allotted \$10,500,000 for this purpose, making final disposition of unremitted balances which in 1949 amounted to more than \$43,000,000. This information was circularized in a special bulletin to Chamber members.

One of the regulations issued in 1953 by the Central Bank of the Philippines which caused considerable concern,

was Central Bank Circular No. 42, particularly Section 2 thereof, which makes subject to license, transactions with respect to assets situated abroad belonging to foreign residents in the Philippines. On July 15, in conjunction with the National Foreign Trade Council, several Chamber Directors attended a conference in New York with a representative of the U. S. Treasury Department, for the purpose of discussing this regulation in detail. As a result of the discussion, and after our views had been presented to Central Bank Governor Miguel Cuaderno, we were assured by him that arrangements would be made so that responsible American individuals in the Philippines would be relieved of the inconvenience caused by implementation of this regulation. We believe that it would be to the best

*As presented to the members at the Annual Meeting on January 20, 1954, by Mr. W. E. Murray, President of the Chamber.