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Interview with
H. WILLIAM TAYLOR
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Place of Interview: Albuquerque, New Mexico
Interviewer: Dr. Ronald E. Marcello
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Caltex Oral History Project

William Taylor

Interviewer: Dr. Ronald E. Marcello Date of Interview: January 20, 1986

Place of Interview: Albuquerque, New Mexico

Dr. Marcello: This is Ron Marcello interviewing William Taylor for the Caltex Oral History Project. The interview is taking place on January 20, 1986, in Albuquerque, New Mexico. I'm interviewing Mr. Taylor in order to get his reminiscences and experiences concerning his long-time career with the Caltex Petroleum Corporation.

Mr. Taylor, to begin this interview just very briefly give me a biographical sketch of yourself. In other words, tell me when you were born, your education—things of that nature. Just be very brief and general.

Mr. Taylor: I was born in Buffalo, New York, some sixty-five years ago, and I left Buffalo at about age eight and moved to White Plains, New York.

Dr. Marcello: What was the date of your birth?

Mr. Taylor: July 31, 1920. I spent two years in White Plains, and then we went to Connecticut for a year, then to Brooklyn, New York, for three years, then to Washington, D.C., for three years, which was high school time. I ended up entering the Marine Corps about a year before the war.

Marcello: According to the record, you entered the Marine Corps in 1940. What was your reason for joining the service at that time?

Taylor: Three squares and a flop (chuckle). I wanted to join the regular Marine Corps, but the family had objections, so I joined the reserves in early 1939, which, I guess, was before Hitler even thought of a war. We were called to active duty in 1940. I spent some time in Cuba and after Pearl Harbor some two years in the South Pacific. I was sent back to go to the Navy V-12 program at the end of 1943. When the war ended, I was in OCS at Quantico, and I took my discharge and returned to Dartmouth College and finished off in 1946. Then I hitchhiked down and got a job with Caltex.

Marcello: You mentioned that you originally started in college under the V-12 program, and in our conversation before the interview, you said you started that V-12 program at Dartmouth?

Taylor: Right.

Marcello: What was your major there?

Taylor: Economics.

Marcello: Describe the circumstances by which you became employed with Caltex.

Taylor: Well, I had an interest in going overseas, and one of the companies who had a notice on the bulletin board at Dartmouth was Caltex.

Marcello: Had you ever heard of Caltex up to that point?

Taylor: No. Of course, everyone at the school, including the staff, the professors, the advisors, recommended strongly against such a move because it meant going to China for four years. To me this sounded pretty good, but to them it didn't.

Marcello: Why was that?

Taylor: I guess it was an aftermath of the war, where very few people wanted to go back overseas for any reason. Caltex, of course, as I learned later, was right in the midst of its tremendous expansion in its various localities overseas, and I thought it would be interesting, particularly to get in the travel. Then after joining Caltex, I was changed from going to China for four years to going to the Philippines.

Marcello: Let's back up just a minute. Describe what took place when you got to New York and made application with Caltex.

Taylor: Well, I was interviewed by Mr. Fitzgibbon, George Flynn, Bill Murray, and J.V. Murray, who, I think, at that time was a vice-president, but I'm really not sure what he was. I do know that his was the final interview to put the final chop on accepting or rejecting. George Flynn took me in to meet him, and, of course, J.V. Murray said, "I see you were in Australia during the war." I said, "Yes." He said, "Well, what do you think of it?" I said, "It was great. I had a girlfriend down there, and I wanted to go back down there to school, but the schools were crowded." He said, "You like the women down there, huh?" I said, "That's right." He

rang his buzzer, and he said, "Send Mr. Flynn in." George Flynn came in, and Mr. Murray said, "I think Taylor will do very well." And that was the end of the interview.

Marcello: What sort of things did they ask you about yourself other than that relative to the position?

Taylor: Well, I guess things like, "Why do you want to go to China?" "What brought you to Caltex?" "How and where did you hear about it?" "What were your activities in school?" "What were your activities while you were in the service?" It was the typical biography as to where you were born, etc., etc. It was the same as today's interviews when you're hiring someone. The poor guy comes in; he's interviewed by seven people; they all ask him the same damned questions; and he gives them the same damned answers.

Marcello: Okay, you mentioned that originally you were to go to China, and then this was changed, and you would be sent to the Philippines.

Taylor: Right. Bill Murray came back from a trip out to India and the Philippines, etc., and learned that they were sending practically everyone to China or India. He said that the Philippines were shorthanded, that they needed some assistance. So he went through the whole group one by one, trying to get somebody to go to the Philippines. Actually, most of the fellows--and there were a great number that had been hired in the month of October and November of 1946

that were all scheduled to go--were all looking forward to going to China or India. Anyway, he settled on me for some unknown reason, and I was earmarked for the Philippines.

Marcello: Before going to the Philippines, did you undergo any sort of training or orientation relative to what to expect in the Philippines or company policies or anything of that nature?

Taylor: Nothing to do with the Philippines whatsoever. We went through a so-called training period which was very confusing to all. Apparently, Texaco had been doing some of the training in the past, but they had discontinued it. They didn't feel that they should have to do it. We sat around in an office across the street from the old French Building, as I recall, and I think it's where our marine services were located. It was just a room with a big table in it and some chairs and a couple of magazines. We'd sit there by the day doing nothing.

After I was there a week-and-a-half, they came in and said, "Next week is the third phase of your training. You're going up to Beacon." I didn't know what the hell happened to the first two phases, but I went up to Beacon with the rest of the fellows, and we went through the Beacon Laboratories with the various pros up there, carrying out numerous experiments with spinning wheels and roaring engines and ping-pong balls falling from the ceiling. We didn't really

know what the hell was going on, but we spent the week there and got back to New York. We were supposed to spend the next week writing a report--which was confusing. I think we all copied each other's. We really didn't do much service to it.

After that it was a case of lying in the office and telling the secretary, "I'm going over to the library to look up things about the Philippines." Then you'd go off and go skiing or whatever. When you got back, she'd say, "Oh, I've been looking for you. You have a paycheck here." So we thought that was one hell of a good job for not having done anything.

Then one by one we were shipped off to our various assignments. I left in February of 1947 on a freighter out of the Brooklyn yards for Manila, and I arrived there forty-four days later.

Marcello: According to the record, you went there as a marketing assistant originally.

Taylor: Right.

Marcello: What did those responsibilities entail?

Taylor: It was never clearly spelled out what a marketing assistant's responsibility was, but you were supposedly in charge of the group of sales people and a particular area, although that wasn't defined immediately. In my particular case, when I arrived there, I was to report to Mr. J.M. Cleland--

"Woccle" Cleland, a Scotsman who had been with the company for generations, it seemed to me. He died a few years ago here in the States. "Woccle" had been interned in the Philippines during the war, and he'd had some false teeth made while interned, and they didn't fit. So you couldn't really understand him with the Scotch accent and the false teeth. All I know is that when I walked in and reported to him, he said, "You're service stations." I didn't know what the hell that meant, whether it meant going out and pumping gas or what. But it finally ended up where I was in charge of setting up service stations in Manila.

Marcello: When you say you were "in charge" of them, what did that entail?

Taylor: Choosing sites, arranging construction, constructing them, equipping them, ordering equipment. Then shortly thereafter, the manager of operations, Gene Menefee, decided that I should be in the general office and take over service stations for the Philippines. The only thing I had ever done in a service station before that was pump gas while I was in college. So all of a sudden, I was the big service station expert with about three hundred people, including pump mechanics and installation people and construction people and site developers and lawyers and Indian chiefs. I was the only one in the whole three hundred that didn't know what the hell I was doing, but as long as you had the experts,

you could get the job done. I guess it was three or four years later that the managing director asked me what kind of an engineer I was, whether I was a civil engineer or a mechanical engineer or electrical engineer. I said, "Hell, I majored in economics." I was not even supposed to be in the engineering department, but that's the way things were done then. There was a lot of work to do. I intended to stay a year-and-a-half or two years and then quit and try and make my way around the world the rest of the way.

But I got so damn busy I forgot to do it.

Marcello: What was the state of Caltex in the Philippines at that time, that is, in the immediate postwar years?

Taylor: We ended up at somewhere close to 40 percent of the market, whereas before the war we had something like 14 percent of a market that was one-tenth the size of the postwar market. So it was a tremendous growth period.

Marcello: But I guess what my question is, to be more specific, what kind of war damage had been done to Caltex properties and so on?

Taylor: Well, the tanks at the terminal still had bomb holes in them; our service stations in a lot of cases had been demolished. There was a lot of reconstruction to be done, a lot of equipment to be ordered. Such equipment had been ordered by Lindy Archer in 1946 and was arriving about the time I was getting there, so we did have enough equipment

to satisfy our needs.

I give credit to "Woccle" Cleland for really building Caltex (Philippines) in those postwar years. If a proposed dealer walked in and would say, "I want to open a gas station," He'd say, "Paint the front of your house white. Put some green stripes on it. We'll give you a pump and tank." And that was about it. So we had service stations or filling stations lining the roads going out of Manila, particularly the north road, and those were the ones I was equipping and digging holes for putting in tanks, etc., etc.

It was interesting. There was a lot of work to be done. Nobody bothered taking days off. If you weren't working out in the field, you'd be in the office or at the terminal. There weren't enough people. There were too few people to get a really proper job done, so everyone had to perform to the maximum. It was interesting.

Marcello: Describe Mr. Cleland in more detail.

Taylor: I'll give you a good example (chuckle). The first time I met him, I met him the night I arrived. The fellows that I lived with took me across the street to his house to a party, and I met him then. He said, "I'll pick you up in the morning to take you to the office." Of course, having lived in the States, you weren't used to the chauffeur-driven cars which they have all over the Far East.

So the next morning, his chauffeur showed up with the

Buick, and he was sitting in the back. I got in the back with him, and we started down the street. As I said before, his accent and his false teeth made it very difficult for me to understand what he was talking about. He said, "Vut vorts dypli?" I said, "I beg your pardon, sir." He repeated, "Vut vorts dyply?" Jeez, I was embarrassed as hell. Here's my new boss, and I couldn't understand him. So this went on for two or three minutes, and finally his driver turned around, and he said, "He said, 'What sports do you play?'" I said, "Oh, I like to ski." Now here I am, in the bloody Philippines where it's hotter than hell, and I'm going to be a skier. This guy's looking for a baseball player or a British football player or something like that, and I'm going to ski. So that was my first mistake. Even if I could have told him I wanted to swim, it would have been better. Then after that is when he got me in the office and told me I was service stations.

Then a little later that morning, which was a Saturday morning, he said, "There's a new Chevy over at Lydell Motors. Go pick it up." I thought I was supposed to deliver an automobile somewhere, so I went over to Lydell Motors, and they said, "What color do you want?" I said, "I don't give a damn." They said, "Well, it doesn't make any difference to us." So I said, "Well, give me that one." So I took this black Chevy, and I drove it back to the office. By the time

I got back there, Cleland had left because we only worked until noon. I thought, "Well, I guess they don't want to leave it down there in an open parking lot all weekend," so I drove it back to the house that I was in.

On Monday I drove it in, and each night I'd take it home. I think on Wednesday, Johnny Walker, who was the accountant, came in and said, "Sign here." These papers said that I owed the company, I think, 4,600 pesos for a Chevrolet. I said, "Hell, I can't afford to buy a damn car." He said, "You're not buying it; you're just signing the papers. Don't worry about it." So I signed the papers, and I had an automobile. I wrote my sister a letter, and I said, "They've already given me a new automobile. This is a great job."

About a week later, I got a check, and it was for I don't know how many pesos, but they said, "That's your living allowance." I said, "What do I use it for? To pay my rent?" They said, "No, no. The company pays your rent. That's your living allowance for the high cost of living." So I wrote her another letter, and I said, "They're paying my rent, and they gave me another check." Then about two weeks later they changed the living allowance in Manila and increased it. So again I got a letter off to my sister. I was reporting to her every week that everything was looking up. In the meantime I did a lot of work, and I enjoyed it.

Marcello: What was the overall strategy of Caltex in the Philippines in those immediate postwar years? Was it to increase market share?

Taylor: Yes, to maintain what we picked up right after the war. As I said, before the war we probably had 14 percent of a very small market. Then after the war we had almost 40 percent of a much larger market. I think the prime competitors in those days were Standard Vacuum Oil Company, which later became Mobil and Exxon, and the Shell Company. I think their idea was that as things settled out after the war, Caltex would settle back down to its 14 percent. But that just wasn't going to happen, so we maintained a market share of well over 30 percent in the Philippines for many, many years.

Marcello: How do you go about doing that? In other words, in the Philippines at that time, how did you go about increasing market share and going head-to-head against Shell and Exxon?

Taylor: I think it was mainly by opening all of these retail outlets that we did. They certainly weren't today's superstation. They were little curb pumps and things like that, but you moved a lot of product that way. Another thing is that-- and I had nothing to do with this because I was in the service department--the managing director at that time was Christian Roesholm, and he and Bob Monical pretty well took care of securing the Meralco contract, that is the Manila Electric Company contract, which took one hell of a lot of fuel oil.

That was one of our big contracts. In those days I think we had 100 percent of Philippine Airlines and a number of other large businesses. There was a lot of construction--rebuilding--going on, so there were a lot of construction companies that needed our products. Cleland, of course, knew everybody in the Philippines, having lived there most of his life, and he did a great job.

Marcello: So why does Caltex land these contracts that you just mentioned? Why not Shell or Standard Vacuum?

Taylor: Well, they had theirs, too. I think it'd be hard to answer that question. I guess it was the case of...Roesholm had been there as managing director since the middle 1930's. Cleland had been with Texaco before Caltex was formed, and he had been in the Philippines for a long time. Archer, who was our lube engineer and flew airplanes, was known throughout the country. He'd spent the war years out in the hills. I guess it was just a case of personalities.

Marcello: We also know that during the postwar years there was a Communist-led insurrection movement of sorts...

Taylor: Hukbalahaps.

Marcello: ...a group known as the Huks. What can you tell me about them relative to any way or manner which they may have affected the operation at Caltex?

Taylor: They didn't have a great deal of effect. The Hukbalahaps were anti-government. They were against the Philippine

government at that time. They were not anti-American or anti-foreign. Many times on our up-country trips, we would be stopped by the Hukbalahaps and asked if we had a weapon. "No." "Well, what are you doing?" "I'm out inspecting service stations or what-have-you." They'd say, "Okay, go ahead. Don't tell anybody you saw us." And a mile farther, you'd pass the army lines, and they'd stop you and ask the same questions.

I guess around 1950 and 1951 was the worst time for the up-country people. The Huks had pretty thickly infiltrated the various towns and barrios, and the Philippine constabulary and the army were bombing their places everyday. In fact, you could sit off the road right near Mount Arayat, and it looked like a movie, watching the little planes going down and dropping their loads on the supposed Hukbalahap lairs in there. But it never bothered us much.

I can remember one time going up into...I guess it was north of Cabanatuan, and the service station had been shot up the day before by the Huks. They'd come in and asked for gasoline, and the fellow said, "I don't have the key. It's not open." They got infuriated, so they all shot holes through the gasoline pump. So I kept thinking, "How the hell do I explain this to the insurance company. I've got a pump that's been shot." It had .45-caliber slugs all through it.

But there wasn't any real danger. You didn't drive at

night or after dark up in those areas; you stopped some place to stay. Of course, the places where you stayed weren't the greatest in the world, either. You'd sleep on an army cot with a mosquito net over you.

Marcello: Is it safe to say that even that early that Caltex figured out pretty quickly that you kind of remain neutral so far as the internal politics of a country are concerned?

Taylor: Yes, I think it's always been our policy not to interfere with the internal politics of any country.

Marcello: You can't win.

Taylor: No. We don't support any particular party, and we try to keep our nose clean. We do become involved in a lot of civic affairs, but we try to keep our opinions to ourselves with regard to the local government. After all, we're supposedly guests in the country, and we try to do the job without interfering.

Marcello: What sort of relations did develop in the Philippines between Caltex and the local government at that time?

Taylor: At that time I don't think I could even answer that. I'm not sure what our relations were. As time progressed, our hierarchy, the managing directors, did become more closely associated with the people in power and became very friendly, but never to a point of becoming politically involved.

Marcello: Again, like I said awhile ago, when you take sides, it seems to lead to a no-win proposition.

- Taylor: That's right. And you're second-guessing, anyway. It's the same as when I lived in Thailand. You became acquainted with the prime minister, and you had an audience with the king and things like that, but you pretty well kept hands off when it comes to what that government was doing.
- Marcello: Let's talk a little bit about the organization of Caltex in the Philippines. How exactly was it organized? For instance, I know that in most countries--and I think it was true in the Philippines, too--you had district offices. They were very important in the organizational setup.
- Taylor: Yes. When I first arrived there we had the Manila district, which included all of Luzon. I would say it covered 70 percent of the business we did in the Philippines. It was a large organization with several hundred employees. We had the Cebu district, which was the second largest. It covered Cebu Island and the central islands and included Mindanao, and a branch office of Cebu was down in Davao, which later became a district. Then we had the Iloilo district office, which covered the western two islands, Panay and Negros, which were the sugar islands primarily. Each one had a district manager, a district accountant, a district operations man, several marketing assistants, a bunch of salesmen, and chief cooks and bottle washers.
- Marcello: And then each one of those districts would eventually report back to the...

Taylor: The general office.

Marcello: ...the main office, which was in Manila?

Taylor: Right. Yes, in addition to the Manila district office we had what was called the general office, which was the overall...

Marcello: And this is where Cleland was in charge.

Taylor: No, Cleland was the district manager, actually, the Manila district manager, at that time. I worked for him only for a short time because I was pulled into the general office to be the service station man for the whole works.

Marcello: Okay, what exactly would be the responsibilities, then, of the people in the district office?

Taylor: Well, I guess it depended on the job. We had a district accountant who was in charge of all of the bookkeeping and accounting work in the district, bill collections, etc., and he had a number of people. Then we had marketing assistants. In those days I think we pretty well used our men as specialists more than overall. In other words, the marketing assistant would be in charge of the mines, say, up in the Baguio area and things like that, and that would be his prime responsibility--to call on them and to arrange sales--and he'd have a couple of salesmen. It was later on, I think, that we split it around to where we made industrial departments and the retail departments, the retail being the service stations and the industrial being commercial firms. We'd have a man in charge of our aviation department and things

like that.

Marcello: How much pressure was being put on the people in the district offices to increase market share?

Taylor: It was a bloody madhouse! They went by the numbers and by month end. They set a target of so many barrels of this and so many barrels of that, or gallons or liters or whatever you want to use, and about the day before the end of the month, you'd have people running around with trucks trying to deliver at the last minute so that you got your gallonage up for that month end; and we'd ask the terminal to work overtime that night so we could deliver ten more tank trucks of fuel somewhere. They lived by the market share--which I didn't exactly agree with. I thought you could be a hell of a lot more efficient when you'd pay a little less attention to market share and pay a little more attention to efficient operation.

Marcello: Can you expand upon that?

Taylor: Well, I think that efficient operation would be to be taking care of the customers' needs, and I think your market share would automatically build from that if you did a good job. Everything stemmed on whether you had, say, 33.2 percent of the market, and last month you had 33.3 percent of the market. Now in no way could these figures be so accurate, but we lived by them. We thought they were accurate. Then we always were trying to find out what the competitors' sales were.

Sometimes you could do that with a twenty peso bill.

Marcello: Can you expand upon that?

Taylor: Well, you used it to get a clerk from the other guy's office to tell you what the hell they sold. We always were infuriated because the United States laws prohibited discussion of things like figures between competitors--the anti-trust laws. But British companies don't have such restrictions, and Shell Company is British. The British wouldn't mind calling you up and saying, "How much did you sell last month? We sold this." But we weren't allowed to do that because you could get into trouble. So you'd have to do it in other ways.

It wasn't too difficult, really, in some of the smaller districts. Down in Davao I could get pretty accurate information just by myself when I was down there later. I could drive into any competitor's service station and ask the manager, "How much did you sell last month?" He'd tell me. It was no secret. All you had to do was add it up. In a commercial firm, you could go in and say, "We're interested in doing business with you. I know you do business with Standard Vacuum, but just so I can get a handle on what kind of prices I could give you, how much do you buy?" The guy would give you the numbers. There was nothing secret about it.

But you never sold enough. The boss always said, "I don't know why you couldn't make that quota." But I wasn't

involved in the sales at all for the first five years. I was in the operations of the service stations. My first marketing job was when I was transferred to Davao.

Marcello: Were there ever any price wars among these various competitors?

Taylor: Oh, God, yes! Absolutely! The whole name of the game was price war. You'd give a discount, and the competitor would accuse you of breaking the market. You'd swear you never did it. In the meantime he was undercutting you. It was real cutthroat--really cutthroat.

Marcello: In this kind of a situation, what advantages or disadvantages did Caltex have?

Taylor: I really don't know if we had any advantages. I think that in days gone by like that, we--and I'm talking about we lesser fry in the company--had no idea whether we were making money or losing money. The most we could give away was half a centavo a liter, period. Now we didn't know if we were making twenty cents a liter or one cent a liter or if we were losing money. In other words, they didn't give you credit for thinking. That was only up to the top wheels. They could think. We weren't allowed to think.

I think in a lot of respects in those days, if they'd have given a little more authority to the smaller outfits, they could have gotten the job done, too. In Davao I had to call up McMillan up in Manila to tell him we were losing an account because the competitor had given the account a one centavo

discount. I asked if I could give it. "Hell, no! you can sell without discounts!" Click! Well, that's sort of ridiculous because a centavo is a centavo, but that's the way you handled it. He says, "It's only 5,000 gallons a month." Well, that to McMillan, sitting in Manila, was nothing, but to me in Davao, it was a hell of a big sale.

I think we are a little more enlightened now, where we have profit and loss objectives in our organizations, and we allow the fellow who's running it to use his own discretion. Up until the time I retired, I think the only time any field organization man had to come back to Dallas for authority was if he was going to sell something at a loss. And that's verboten. But you still ran your organization. Now if the fellow doesn't make the kind of returns you expect he should make, that's fine--get a new fellow. But at least give him the opportunity to try it.

Marcello: Awhile ago you were mentioning that Cleland wanted to saturate the market with Caltex service stations.

Taylor: Absolutely. And we did.

Marcello: Was that good or bad?

Taylor: Well, I guess it really was good. We sold a hell of a lot of product in 1947, 1948, 1949; and that was before we ever had our own refinery. The refinery wasn't built until 1954. I think a lot of it was because of the service stations. Of course, me being the service station guy, I was responsible

for taking New York visitors around to show them service stations. Whenever they came in, that was part of their program. They had to go visit service stations. They'd say, "Gee, I think this one needs a little paint." And I'd think, "Yeah, it's the only damn building in a forty-five-mile radius that's ever been painted. You're not comparing it with Wilshire Boulevard." But they always compared it with back home. And then, of course--and I say this particularly about Texaco--I've seen some pretty crummy Texaco stations in the United States that even my worst ones weren't that bad. I mean, I'm driving up through Vermont and New Hampshire back in the old days, and Texaco has lousy stations. And they'd have the nerve to come out and tell me my stations didn't look good. Then they'd always ask, "How much gasoline does that station sell?" Well, if you've got a thousand service stations, you don't have a thousand numbers in your head. But it was simple. You always named some number. It was a bloody lie, but what's the difference? They weren't going to come back. Then they'd ask you something, like, "Well, what's the ratio of oil sales to gasoline?" You'd give them something that sounded pretty reasonable, and they were satisfied.

Marcello: Let's talk a little bit about the involvement of Filipinos in the Caltex operations in the islands. I do know, for

instance, that in China and India there would be agents appointed. Was that system used in the Philippines?

Taylor: We had some agents but not to a great extent. We made individual dealers, service station dealers, and things like that, but we had very few large agents.

Marcello: Why was it that you didn't have to use that system in the Philippines?

Taylor: I think it was a competitive feature. I think everybody did the same. When I got to Thailand, I was amazed at the operation there in that instead of going directly to a consumer company--a big industrial firm--and trying to sell them the product on a direct basis, you would steer them to one of your dealers and maybe give that dealer a little discount to handle that account. But he would be responsible for the credit and the whole works. That was a much better system than we had in the Philippines, I think. We ended up doing a lot of business in Thailand with fewer people. In fact, I didn't know anything about that type of business until I went to Thailand in the early 1960's, where I spent four years or so.

But our system in the Philippines was individual. You would go call on a particular cement factory or a lumber mill. The salesman would call on them and sign up that account directly with the company. Maybe they'd need equipment, a pump and tank or whatever, and it was a case

of whether you loaned it to them or you rented it to them and things like that. That was also a competitive feature. I guess, if I had it to do over again, I would try to introduce the Thai system into the Philippines.

Now with respect to the Filipinos in the company, let's face it, I became the manager of the Service Department for one reason--I was an American. It didn't mean I knew any more than the Filipinos, but nothing had been done after the war to promote these guys. In fact, when I was a twenty-six-year-old youngster, I was higher paid than any of the Filipinos in my department, and they'd been there for fifteen years. They were graduate engineers, etc., etc., Naturally, as you know, that changed over the years. We had as many as fifty Americans in the Caltex company in the Philippines, excluding refinery people, at one time. That's fifty families. As you know now, and for the past several years, our president has been a Filipino, and all our officers are Filipinos. The few Americans we have in the Philippines today are specialists in some particular refinery project that has to be built or something like that. They're there for one job. But it's a changed world, and it should be. All I was trying to do was stay ahead of the tide (chuckle).

Marcello: What are the advantages of bringing the nationals into the operations in one of these countries, wherever it might be?

Taylor: Well, the advantages are manifold. Firstly, there are economic

advantages. Secondly, it's the right thing to do. It's their country, and they certainly know more about doing business in their country than we do. I think that up until World War II, you didn't have, say, a bunch of Filipino Harvard Business School graduates, which we did ultimately have since the war. You didn't have a great number of engineers and things like that. But those countries now have the most educated people in the world, so there's no need to send out Joe Blow from New York or Dallas, a new, young guy, and hire him at \$25,000 to \$30,000 a year and pay him another \$35,000 or \$40,000 or \$50,000 a year in the form of allowances and travel back and forth from the States and schooling for his kids and rentals and free automobiles and all that. It doesn't make any sense.

Marcello: Yes, it's a lot cheaper to hire Filipinos or whatever the nationality.

Taylor: Sure, even by paying them well with fair wages it's still not as costly. You don't have to pay them rental allowance, and you don't have to fly him back and forth to New York for vacations.

Marcello: This reminds me of something that maybe I should have asked earlier. What were the leave policies for Caltex at that time when you joined in the 1940's?

Taylor: I think China was supposed to be four years and a six-month vacation. I think it changed just after that to three years.

But the Philippines, the tropical countries, were three years in the field and then a six-month home leave. On my first tour, I stayed three-and-a-half years, so I had a seven-month leave, which came in handy since I'd gotten married a couple of months before my home leave was due, and I had to stay out there a couple more months to save some dough so we could go on home leave (chuckle).

Marcello: We were talking about costs of living and the advantages of hiring Filipinos over American expatriates. As a little bit of social history, why don't you talk about the lifestyle that developed in the Philippines among the Caltex personnel during those immediate postwar years. What was the lifestyle like?

Taylor: It was pretty good. One of the benefits is that you were allowed to join a club. Mr. Roesholm let everybody join one club. He made it pretty clear that it was to be the Army/Navy Club, so I joined the Army/Navy Club. The company didn't pay the dues, but they did pay the initiation fee, which, I think, was 200 pesos at the time. Also, there was a lot of club activity.

There was a large American community in Manila—a tremendous American community. The young people—and I say young—those in their twenties and early thirties—in our crowd were probably thirty gals and seventy-five guys. There were a lot of parties, a lot of boat rides, etc. On Saturday

night Jim Baldwin, one of the Americans there, normally had a big table reserved at the Army/Navy Club; and wherever you were or whatever you did, as it finished you ended up at the Army/Navy Club at this table that perhaps had thirty or forty people at it. There was a lot of golf and a lot of tennis, swimming, etc.

There was not a great deal of mixing between the Filipinos and the foreign community. It's strange, but that's the way it was. I think there was mixing in the southern islands much more, but in Manila there was not. There were certain company restrictions in those days.

Marcello: Would you care to discuss some of these company restrictions relative to the relations between American expatriates and the Filipinos?

Taylor: Well, it's a pity to say it, but the Filipinos were second-class citizens in their own country. Looking back on it, it was something that you were pretty well brought into when you arrived there. It was made known to you that you stayed with your own and that you didn't develop a number of local close friends at all.

Marcello: What were the company's policies relative to dating Filipinos or even marrying Filipino women?

Taylor: Well, in the first place, the company policy was that you could not get married to anyone in your first tour, and in the Philippines it was three years. You were not allowed

to get married. They pretty well broke their policy in the late forties, as when I went out to the plane in December, 1948, and met the new fellow coming in and he had a wife. Ray Johnson was married before he even joined the company in 1948, and in China and other areas they were getting married in their first tour.

When I decided in 1949 that I was going to get married, I'd already been there almost three years. I went in and told Bob Monical, the general manager, that I was getting married. He said, "You know what the company policy is, don't you?" I said, "Yes, I do." He said, "So you're not asking me; you're telling me." I said, "Hell, I'm inviting you to the wedding." He said, "Well, I think it's a good idea." So that was the end of that one.

But they had fired Tommy Fletcher in 1947 or 1948 because he got married. He married an American girl, but you weren't supposed to get married. There was a case later than that, in the middle 1950's, where one of the fellows was getting married to a Spanish mestizo girl--part Spanish, part Filipino--and the managing director was going to fire him, and he was talked out of it. It was as strong as that, and that was the middle 1950's.

Marcello: What was the lifestyle like relative to your living quarters and things of that nature that the company provided?

Taylor: Well, when I first arrived, I was met at the ship by two other bachelors, and they said that I was going to live in

their house. They had a bachelor mess out on Park Avenue in Pasay City, which is right next to Manila, a suburb. I went out there, and I had a bedroom and a bath, or a shared bath with one of the other bedrooms. The house had three large bedrooms, two baths, sort of a family room type of thing downstairs, and a living room, dining room, kitchen. We had a cook, and we had a laundress, and we had a house boy. I thought this was amazing: "My God, we've got servants! I've never heard of such a thing." We had three automobiles between four of us, and, as I say, the company paid the rent, and they gave us 400 pesos a month as a living allowance, and my mess bill was about 250 pesos. Of course, whatever the mess bill was, we all complained about it. That was part of the game.

The living was...of course, we say it was good. There wasn't any air conditioning. I never even heard of air conditioning other than in a big store or a theater until Cleland got the first air conditioner as a bedroom unit in about 1949. There must have been forty of us going over to his house and all stand in the bedroom and turn it on to see if it worked. We thought it was amazing; it cooled the room.

I remember going up to Mr. Roesholm in 1948, after we'd been there a couple of years, and asking if he would assist us in paying to have hot water put into the house, and he allowed a few bucks, whatever it was. Hell, we had

the pipes running all over the bathroom, not embedded at all. We'd never had hot water in our house. We used to go down to the Army/Navy Club to take showers.

When we went up-country, where there was no place decent to stay. The hotels were either an old nipa house of some sort or something similar and, like I said, we slept on Army cots. If there was any running water, it ran sort of spasmodically. There was a stench and all the rest, and the food was crummy. You'd go up for a week or ten days, and when I'd drive back, I'd think, "Boy, that does it! I'm throwing in the towel! I'm going to get rid of this job!" I'd go into the house, and there would be no water. It wouldn't even drip.

I'd put some clothes in a little kit, and I'd go down to the locker room at the Army/Navy Club, and while I was getting undressed, I'd ask the boy to bring me a drink--bring me a scotch--and I'd go take a good, hot shower and drink the scotch. Then I'd go up, and I'd have two or three more there at the men's bar. Then I'd order a steak, and then I'd think, "Boy, this is a great job! What a great place to live!" So it was all over. But that was the way it was.

Marcello: Like we mentioned awhile ago, when you first went to the Philippines, you were a marketing assistant for about three years, is that correct? From about 1946 until 1949?

Taylor: I think they kept that title of marketing assistant even though after a couple months I was in operations. I think

that ultimately my title became superintendent of service departments or the service department or whatever it was. It ended up that the title was pretty good because when they changed the allowance plan and they came in with the so-called Bramstedt plan, which reduced your allowances but increased your salary, I think I got the biggest raise in the company because I was classified as a superintendent. By that they had me in the same category as a terminal superintendent or an operations superintendent or something like that. So my salary went from \$475 a month to \$778 a month at one fell swoop, retroactive for six or seven months. So it was a real windfall. That was in 1952 or 1953. I'm not sure what the hell my title was the first three years. I think they still called me a marketing assistant even though I wasn't doing marketing assistant work.

Marcello: You mentioned this awhile ago, but I'd like to ask you a little more about this. Who were some of the major accounts that the company had there in the Philippines at that time?

Taylor: Well, Meralco was the largest one--the Manila Electric Company; the Philippine Airlines. I guess we had one of the rubber companies, but whether it was Goodrich or Goodyear, I don't even know. We did a lot of business with Firestone. Some of your larger sugar planters--Sorianos and San Miguel. The Soriano family owned the San Miguel Brewery or most of it.

They were the largest shareholders. San Miguel also owned the Coca-Cola bottling plants and all that. Soriano owned the Philippine Airlines, so it was a big operation.

Marcello: What kind of a business relationship did Caltex have with the U.S. Military in the Philippines at that time?

Taylor: We did a lot of business with the military. As you know, most of the business with the military is signed in Washington--the DFSC contacts. We had other smaller things such as service stations up at Clark Air Base and also over at Subic Bay. We had one fellow who was more or less in charge of a handling the U.S. military--Cy Layne, an American. He used to make his calls up to the military, and we'd sell them lube oils and greases and items like that.

But doing business with the military was sometimes strange. In the service stations at Clark Air Base, they were buying Chevron motor oil but not from us in Manila, and we were manufacturing it right there in Manila. This was later on, of course, but it will give you an idea. I asked them if I couldn't sell to them. I said, "I have the same oil. Why in the hell are you bringing it in for?" They said, "What's your price?" So I gave them a low price. "We don't pay that much." So we went back and forth and back and forth. I finally looked at their invoices, and I said, "Why, you're showing me a price in Oakland, California. How about shipping it out here?" They said, "Oh, we don't pay for that." Oh, Uncle Sam brings it out, see, and the cost is there. That's

typical of what the United States Government does in buying their things. As I say, Cy Layne handled that. He's since deceased.

Marcello: Where was Caltex getting its oil at that time?

Taylor: It all came in from the Middle East. Wait a minute. We had some stuff come up from Indonesia.

Marcello: I wasn't sure if Indonesia was on the line yet or not in those early years.

Taylor: Yes, we had Indonesia.

Marcello: I'm sure that once those Indonesian fields came on, you really had a leg up on your competition, did you not, because you were so near your source?

Taylor: Yes, because we had low-sulphur fuel oil, which was a real selling point. When our refinery came in...I guess I'm sort of hazy on this. Perhaps all of our oil did come in from the Middle East in those early years until our refinery went on stream. Then when our refinery came on stream, we started using some Indonesian crudes.

Marcello: But even, I guess, in using the facilities on Bahrain that you were a little bit closer to the source of supply than maybe Shell and Standard Vacuum. They were receiving theirs, I guess, from Abadan for the most part?

Taylor: I don't know where they got theirs. We had been fortunate all the time because, as you know, the owners of Aramco were Texaco, Chevron, Esso, and Mobil (with only 10 percent).

The other three had 31 percent each, I guess, and Mobil had 7 percent or whatever. So we had two parents who had access to that oil--two-thirds of it.

Marcello: I do know that in some of the prewar markets in the Far East, they had what was called the "case and can" markets. What was the situation relative to the Philippines.

Taylor: "Case and can?" I never heard the expression.

Marcello: In other words, I guess all the product was moved either in cases or cans.

Taylor: Oh, yes, yes. I'd say that at least 50 percent of our refined oil was shipped around the Philippines in drums. Naturally, all our lube oil was imported in packages; we didn't package anything there except kerosene in five-gallon tins. Then the drums then would be pretty well demolished after several trips. Then that got into a big battle between the competitors as to who was buying lousy drums and who was giving the money back or the deposit back and who wasn't. So we had daily arguments on policies like that. Then we'd have dealers who'd go around scrounging old beat-up drums and then bring them back in and say, "Well, these were the ones you gave me." So they were stealing us blind that way. We had drum reconditioning machinery around, but it was a really crummy operation.

In the southern depots, like, down in Davao when I first went there, we had what we called our Davao depot.

It didn't have any tanks in it; it had a drum storage area. The ship would pull out in the stream, and they'd push the drums over the side in the water. Then these guys would swim them in. They'd roll them up on the beach, through all the mud and sand, over the rocks and all that. Then the customers would complain that they had a leaky drum and that they'd only get a half-a-drum of product.

We used all kinds of gimmicks to make a sale. We had one case down there...a Chinese rice mill, I guess it was, outside of Davao...one thing that you never talked about was the sulphur content of your diesel fuel. That was just not fair to say that either we had too much or too little. I won't say which competitor it was, but this guy went after one of my accounts by saying that we had too much sulphur in our diesel, I guess it was. So he swiped the account from me. So I went over to his biggest account--and this guy had about four or five rice mills--and I told him that I had a better product than his present supplier. He said, "Why?" I said, "Well, they don't have enough sulphur in their diesel." "They don't?" I said, "No. Here's our specifications. Now you ask them for theirs, and I'll bet you the numbers are lower." Hell, he switched the account to me. So, you know, they didn't know the difference.

Marcello: When did you start getting bulk terminals and things of that nature being constructed in the Philippines?

Taylor: I guess it was right about 1950, I would say, that we started putting in bulk facilities. In the Philippines, unlike a lot of inland countries, product is transported mostly by barge or small tankers or something like that, so your tankage is much larger than your market would normally demand because you're not going to take down a 10,000-barrel barge and put it in a 1,000-barrel tank. So you'd build large tankage, and sometimes we'd have a few months stock on hand as inventory, which is expensive to keep. Contrary to the operation in the Philippines, when I went to Thailand, they had much smaller tankage because the depots were fed by rail cars. They didn't have to move that quantity at one time, which makes a cheaper operation. I think that most of the bulk depots were built probably between the early 1950's and the early 1960's. We built an awful lot of them.

Marcello: So originally, then, when you get to the Philippines, they did have the package market, so to speak, and then eventually, by 1950, they begin to construct the bulk terminals and so on. What were the principal products being marketed in the Philippines during those postwar years? Gasoline and kerosene, I'm sure, were important.

Taylor: Yes. Gasoline and kerosene, and we had two kinds of diesel fuel. We had an industrial diesel and also an automotive diesel, and fuel oil and aviation gas.

Marcello: When does fuel oil really come on big?

Taylor: For power plants and any big, heavy equipment. Those accounts can get fairly large. One of my accounts in Singapore was for 30,000 barrels a day. You know, that's pretty sizeable. Then I think Meralco was 30,000 to 40,000 barrels a day. I guess half of our sales in the Philippines were to Meralco in the form of fuel oil.

Marcello: Now at that time was the Philippine Oil Storage Company there?

Taylor: Not until--I'll guess at this--the mid-1950's. Then they started up Philoil, and that was a locally incorporated company. There were a lot of nationalistic feelings in the 1950's. They became another competitor. They were also in cahoots with Gulf Oil at that time. I think they got their supplies from Gulf, and I think that ultimately became what is now the national oil company.

Marcello: When did you move to Davao?

Taylor: May of 1952.

Marcello: And what was your function when you moved to Davao?

Taylor: I went down there a manager.

Marcello: You were the district manager?

Taylor: Yes. It hadn't been a district up till then; it had been a branch of the Cebu office. I went down there on a trip--"Bugs" Baer was down there at that time--just on the service station aspect. "Bugs" said, "How do you think you'll like Davao?" I said, "I'll like it fine. I'll only be here a few days." As I learned a little bit later, he got a copy of

a letter to me, which was sent a week before when I was already on the road. This was telling me that I was going to be district manager of Davao and to make arrangements to move down there. I hadn't even known it. My wife and I had two little fellows then. One was four or two months old, and the other one was two years old.

Marcello: What was the special situation that you found when you moved to Davao? Would you more or less be doing the same thing in a sense that a district manager would have been doing, let's say, on a smaller scale?

Taylor: Yes, on a smaller scale. It was a very small district at that time, and it included the province of Davao and about half the province of Cotabato. I guess maybe I had seven or eight service stations. You didn't measure your monthly sales in barrels or tons or anything like that; you measured them in gallons. If I sold 200,000 gallons, including lighter fluid, I'd think I did a lot.

But things were building down there very rapidly. They were putting in new roads on the island of Mindanao and trying to develop the city of Davao. So I ended up, I think, in my second year there building another seven or eight service stations in the area.

It was a great life. When we first went down there, we had a very small house, so we had another one built. We rented it. I guess we had that as a district manager's house

until maybe five or six years ago, so that lasted for twenty-five years as the manager's house. Then we also had a little beach house that one of my predecessor's had built out of leftover pieces of service stations. He built it right outside of the Sasa depot, which is the Davao bulk depot, which was only seven miles from the house and right on the beach. He did a good job on it. He led the electric lines and the water lines under the fence from the depot, so we had all that included. I used to spend the weekends there and play golf or go out to the beach. With two little guys, it was great.

Marcello: How much control or supervision was the Philippines operation receiving from the home office back in New York during those immediate postwar years?

Taylor: Too much. If you lay out a plan or a budget, say, for "X" year, and you want to build six service stations or something of that nature, before you could build those you had to send the plans back to New York. New York would go over the plans, and they'd make all kinds of damn changes. Then they'd mail them back out to you, and you didn't like them, so you'd make some changes and mail them back. You didn't cable things; you mailed them. By the time you got the approval, and maybe you had asked for an appropriation of \$27,000, you'd probably get it approved in the amount of \$19,000. Well, you couldn't build them for that. Other times, you'd ask for

\$27,000, and they'd give you \$39,000. There was no rhyme or reason to the way they did things. Again, by the time you got these plans approved, then you went out to the landowner, and, hell, he'd rented it to someone else; so you'd have to start over, or else you couldn't get a permit.

So it was very difficult to get anything done because the field didn't have authorities. It wasn't even until a few years ago--and I'm talking in the 1980's--that we finally got authorities to the field of up to \$1,000,000. Yet they're running multi-million dollar organizations, but they had to come back to Dallas or back to New York for anything over "X" number of dollars. We worked very hard and diligently for many years in trying to get more authority in the field; and now I think they finally have it, and they can run their own shop. And if they don't run the right shop, then you get rid of them and get new guys. That's the way to do it.

But down in Davao, when I was the manager of Davao, I had no authority at all. In fact, they had a form that I think they called the E-1100. It had so many lines on it; it gave all the expenses and all the costs and all the sales figures, etc., etc. We only got sent down to us from line so-and-so to line so-and-so, so I never knew what the hell my cost was. I didn't know if I was selling at a profit or a loss; I never knew when my district made money or lost money.

If you're a district manager, you'd think you should know something like that. That's one of the things where, I think, Standard Vacuum had it all over us. They had full knowledge of their whole operation, which we didn't. But it was growing pains, I guess.

Marcello: Yes, Standard Vacuum and Shell had been in the international field a lot longer than Caltex had.

Taylor: Well, particularly Shell. We went into Thailand in 1946 or 1947. When I was there in the 1960's, Shell had their seventy-fifth anniversary of being in Thailand, and I'm thinking that we've been there only fifteen years. Yes, they're real pros.

Marcello: You're in Davao as a district manager. How do you go about selecting service station sites in a place like Davao? What criteria do you use?

Taylor: Well, we had certain forms that we'd fill out as to traffic flow. Then there's always the stupid question: "Is it better to have your service station on the right-hand side going in to town or on the right-hand side coming out of town?" There's not a damn bit of difference; it depends on the town. If it's a town where the price is a lot cheaper than it is out in the field, then you want it on the outgoing side, so the guy will fill up before he goes. You also went by traffic flow. In the Philippines, I think that a great deal of importance is put on who's going to be the dealer. You can have a good dealer who's two blocks away

from the main drag and a poor dealer that's on the main drag, and that good dealer will do the business. He has the friends in town, and they will go to him. That's what most of it's about.

Marcello: That was going to be my next question. How do you go about selecting dealers?

Taylor: Well, we didn't select properly in the early years because they were selected more by friendship. Joe Blow, who I know at Meralco, would like his brother-in-law's step-son to have a service station, and they'd chomp on the boss's ear on that until finally he'd say, "Now don't forget to give him a service station." I'd say, "Well, he's got no money." But being that I wasn't the boss, I usually lost the argument. So a lot of mistakes were made in those days.

Then later on we developed a system for choosing dealers, which had to do with their credit rating and had to do with the type of business they were in. You might name as a dealer a fellow who owned a dozen buses, too, because you had some built-in business right there. You might name a dealer who had a small trucking fleet or a half-dozen taxis. That's about how you did it.

Marcello: Let's talk a little bit about the building of the refinery at Batangas, which, I guess, initially started about 1952.

Taylor: Yes. The site was chosen...

Marcello: Let's back up a minute. Let's kind of take these things in

order. Talk a little bit about what you know concerning the agitation for a refinery in the Philippines.

Taylor: Well, I really don't know much about that. See, when the refinery was proposed, it was, I guess, from our general office. Mr. Roesholm and Mr. Monical had figured that the refinery could pay out. So out came these papers from New York, which had a certain number of blanks as far as looking for sites. I remember George Williams, our chief engineer, had to fly up and down the coast and look for a site that would satisfy these requirements: a stream that would go out in the ocean, you know, an outgoing stream; no fishing area near by; low land with enough elevation for this, that, and the other thing. He really didn't know what the hell he was looking for; nor did I, because I worked with him, and we'd look at this piece of paper and think, "What the hell are they going to build?" We didn't know about a refinery. So these forms were filled in and sent back.

It's amazing that the three sites--the three various possibilities--were: number one, Batangas, where the refinery now is; number two, out at Bataan, where the Exxon refinery is or which is now the government refinery (PNOC refinery); number three, down off Cavite, where Philoil had built a refinery. So that was done, and then I moved out of Manila in 1952 to Davao. So I had nothing to do with the refinery whatsoever; I didn't even know where the hell it was other than Batangas. I went on home leave

in 1954, and when I came back in 1955, Mr. Monical said, "I think you should go down and see the refinery before you go back down south." That's the first time I saw Batangas.

Marcello: If the company had had its druthers, would it have built a refinery in the Philippines at that time?

Taylor: Oh, yes. Yes, because we had a built-in market. We supplied all our own requirements, and by the Philippine law any surplus we had Standard Vacuum or Shell had to buy. We had 8,000 barrels of surplus refinery capacity, so we supplied them with 8,000 barrels a day of refined products. We sold it to them. They didn't bring in their crude and refine it. We sold them outright these products.

Marcello: This was out of the Batangas refinery after it got in operation?

Taylor: Yes, in 1954. It was on-stream in December of 1954. Starting right then, they had to buy from us--and they hated it--because they didn't have refineries.

Marcello: Now the Batangas refinery was a 100 percent Caltex operation, was it not?

Taylor: Yes.

Marcello: In other, words there was no partnership or anything in the case of Batangas.

Taylor: No.

Marcello: I know that in many cases refineries had been built in various countries as a defensive measure. In other words, if you want to protect market share, you have to build a

refinery. How much of a consideration was that in the case of the Philippines?

Taylor: I really don't know. I imagine there was some. Well, the country wanted a refinery--there's no question there--so that had something to do with it. It was better for our business. So we were the first ones, and then we were followed thereafter by Shell, Standard Vacuum, and Philoil. So there are four refineries there now.

Marcello: We mentioned this a moment ago, but is it accurate to say that the Batangas refinery was going to be built to handle that Indonesian crude that was being developed?

Taylor: Yes, it was designed for that Minas crude.

Marcello: Which is a waxy type of oil, is it not?

Taylor: Right, right. Low in sulphur.

Marcello: I would assume that once that Minas field came in, Caltex had a real advantage over its competitors, since it was really close to the supply of crude.

Taylor: That's right. As I say, I was not involved in all this. I was down south, and then I was back up in Manila in 1955 as the Manila assistant district manager. I had nothing to do with crude acquisition or refining. In other words, if the refinery made what I could sell, I was happy. We made out pretty well in the late 1950's and early 1960's--extremely well.

Marcello: And I guess those Indonesian fields are still producing.

- Taylor: Oh, yes, but they supply most of that to Japan. I guess they still do. I know they did at one time.
- Marcello: Okay, you mentioned that you were down in Davao as the district manager, and then later on you were promoted to Manila.
- Taylor: Well, in between that I went to Cebu for about three months as assistant district manager. Then there were some moves internationally, and they moved some people out of Manila to Hong Kong, etc. So I was pulled up to Manila as assistant district manager, and we didn't have a district manager. McMillan, who was in the general office, took charge of the Manila district as well as his own job, so I reported to "Mac" and stayed with him for a while.
- Marcello: We haven't talked about this too much. In other words, we haven't mentioned too many personalities in the course of our interview. Let me throw out a couple of people to you and just give me your impressions and even opinions if you want to give those. We mentioned Mr. Roesholm.
- Taylor: Yes.
- Marcello: Your impressions of Mr. Roesholm.
- Taylor: Well, if you walked in a room with forty people, and you looked around the room and "Chris" Roesholm was there, you knew he was the boss. He was a staid, old Dane who wore his white suit and his little pince glasses with the string hanging down the side. I don't think I've ever seen him with

his coat off. He was the real, old colonial-type. I guess I lived the first three of four years of my career thinking that I was going to be fired any day, and it wasn't until that was all over that I found out I was "Chris" Roesholm's favorite. I never could take advantage of it because I never knew it (chuckle). He was quite a gentleman. His wife was Annie Laurie Roesholm. When his wife died, he married her daughter--Annie Laurie, II. We used to kid about Ol' "Rosie" wanted to keep all the money in the family (chuckle). He was quite a guy.

Marcello: Gene Menefee.

Taylor: Gene Menfee was an operations man who came down from China. He came in as operations manager in the middle of 1947 and subsequently left the Philippines and was stationed in Paris and back in Hong Kong and all. He came back into the Philippines as general manager, which was our number two spot out there at that time, under Bob Monical, and he ultimately took over from Bob Monical as managing director. As a final one, he moved to New York as the regional director and retired from that job in 1968 or 1969. Gene was a spotless-looking person--well-groomed. He did a fine job. He was quite active socially. He was the president of the polo club and president of the golf club and things like that. We enjoyed him. We still see his wife about once or twice a year.

Marcello: Mr. Monical.

Taylor: Bob Monical was a diamond-in-the-rough, I guess. He was one of the smartest guys I ever met in my life. We still see his wife--Marion Monical--on occasion. He took over from Roesholm when "Rosie" retired. They had no children. He knew the business inside out. He was known to get a snoot-full once in a while and tell you exactly what he thought of you.

These were real good eggs. I enjoyed working with them.

Marcello: How about Darwin McMillan.

Taylor: Ol' "Mac." Now there is a character (chuckle). "Mac" came in 1953, I think, when I was in Davao. He made a trip down there, and I've never seen anybody work harder in my life. I mean, we went in that office on Monday morning down in my little district, and we worked all day calling on accounts and were back in the office at six or eight o'clock at night. Then on Saturday we were in there, and he said that he wanted to keep the secretary all afternoon so he could dictate his report. Then when we were about ready to leave--I guess it must have been about three o'clock--I said, "'Mac,' we're having a party for you and your wife at the house. We better get going because I have them calling at 5:30 for cocktails and dinner." He said, "Well, then we'll have to come here tomorrow to finish this report--Sunday."

I said, "'Mac,' I live down here, and I work pretty hard. Now you're going back up to your polo club and your golf club and the Manila Army/Navy Club and all the rest of the garbage. I'm going to stay down here in the 'boonies.' I'm not working tomorrow. Now if you want to come in, I'll send the secretary, but I'm not coming in with you. You're invited to come out to our beach house." Then "Mac" and his wife came out and sat at the beach house the next day.

When I went on home leave, Veda and I had saved a little money there in Davao, so I bought a piece of property on the west coast, which consisted of a six-unit apartment. I met this gal that lived in there. The real estate agent introduced me to her because she was going to show us her apartment, so I could get an idea what they were all like, and so I learned about her and her family. So when I got back to Manila, I was going to be sent down to Cebu. I went in to McMillan, whom I reported to, and I said, "'Mac,' I want to get one thing straight before I go to Cebu." I closed the door. I said, "Now when you call up on the phone or when you come down there, I don't want you raising your voice. I don't want you to scream at me or holler or anything. I want you just to take it easy and be a gentleman." He was just about getting up out of his chair, you know, ready to kill me. I said, "Or else." He said, "Or else what?" I said, "Or else your sister is going to be sleeping in the street.

I bought her house." (chuckle) She was the gal in the apartment. "Mac" and I talk to each other, I guess, once every two months on the phone now. He's a great guy.

Marcello: Let me ask you a rather general question at this time. We talked about the market share that Caltex had in the Philippines before the war; we talked about the rapidity with which Caltex had increased its market share after the war. Generalize somewhat here and explain the best you can why you think this came about.

Taylor: I think we got a faster start after the war through guys like Cleland and Roesholm and people like that who were there. Cleland got out of the internment camp, and I don't think he went on home leave for a year after that. He started the business again. Then we had a couple of Filipinos, J.P. Roxas and Q.C. Manalo, who were very well-known. They had been in the business a long time. They were all very instrumental in getting things moving. Then we had our marine agent, the Delgado brothers, who started right away to build up the marine business down in the harbor. They ultimately built a half-dozen fine service stations, so they had the service stations. They ultimately built the Hilton Hotel and a few other things. So it was a case of old-timers, I think, that had something to do with it.

Marcello: Then, of course, eventually you had all the other things occurring. You had the refinery being built; you had all sorts of crude close by.

Taylor: Yes, and we always thought the guys that we hired--the Americans that came out there--were a little different than the competition. I don't know what it is. Like, we knew that Standard Vacuum's rules for hiring, you know, were that you had to be 5'10", and if you had a Phi Beta Kappa key, you get an extra \$50 per month. That was part of their hiring policy. We didn't; we had just a bunch of misfits that fitted in somehow (chuckle).

Marcello: From everything you've said on the tape and off the tape, you really did get a cast of characters out in the Philippines with Caltex.

Taylor: That's for sure (chuckle). We had one who was a district accountant at one time, and if he came in with a hangover on Monday morning, he'd take everything from his "in" box, and he put about four or five initials on each piece and put it in his "out" box. He said, "That'll take a day or two to get back to me." (chuckle) That's all he did on Monday morning. Our accounting staff was...well, Johnny Walker was the first chief accountant, but he was only there a short time. Frank Zingaro came in the late 1940's, and he ultimately became the chief accountant. He was followed by Jimmy Wolahan. I guess you've talked to Frank.

Marcello: He's on my list, but I haven't talked to him yet.

Taylor: He had been in India before that, but he spent a great deal of time in the Philippines and ultimately became

vice-president back in New York and had the Philippines under his jurisdiction.

Marcello: It seems to me that I've noticed in doing these interviews that in many cases people who have been on these foreign assignments for an extended period of time seemed to develop what the military calls "localitis." Like, "It's us against them," them being Caltex New York. "Caltex (New York) doesn't know what the hell is going on out here." Does this kind of an attitude develop or feeling develop after a while, after you've been out there for a period of time?

Taylor: Yes. As in any job, you hate to be doing the job and have some guy a thousand miles away come and tell you how to do it. You somehow get the impression, whether rightly or wrongly, that you know more about it than he does. He might be the chairman of the board back there or he might be a regional director for the whole thing. I was regional director for a number of years in New York and Dallas. I still felt that the manager in the field organization knew a little more about his own organization than I did. If he didn't, he shouldn't be there. But that feeling didn't persist in the very beginning at all. They sat there and sort of draw the line and told you exactly what you're supposed to do.

Marcello: As you look back on that period, do you feel that perhaps Caltex kept people out in the field too long?

Taylor: Well, in the first place, you've got to understand that the great majority of people in the field did not want to come back. I guess Veda and I are the only two that I've ever heard of in Caltex that asked to be transferred back to the States. People thought we were out of our minds. After all, I was number two in the Philippines, and the future looked pretty bright. Jimmy Wolahan wasn't going to stay there forever and things like that.

Veda felt very strongly that we'd had...in the first place, Veda was born in Manila. She had lived her whole childhood there, with the exception of a few home leaves, and then she was interned there. Then she married me and stayed there. So her whole life had been the Philippines, except for the four years in Bangkok, and she thought not only for the kids but for her own sake she'd like to get back to the States for a while. I remember, when I asked to come back, Frank Zingaro said, "All right." He didn't like the idea particularly because he didn't like to upset everything, but he accepted it. He said, "It's okay. I'll bring you back. But will you go out again?" I said, "Yes. Give me five or six years in the States, and then I'll be glad to go out."

Well, of course, the five or six years went; then ten years went; then I started asking to go out. And no way (chuckle). So I stayed in the States. You know, after our kids finished school and all that, we could have gone back

out there, since it was just the two of us, but it wasn't in the cards. So we stayed here.

But now if you go, say, to the areas over in my ex-area --Hong Kong, Kuala Lumpur, Singapore, Bangkok, Manila--and ask any of those managing directors if they would like to return to Dallas, every damn one would say, "Hell, no, not now." After all, they're running their own show. See, now it's a little different. They come on home leave every year, where as we had to stay three or four years. I don't think you can get guys to go out for three or four years now. It's very difficult.

But I don't think any of us wanted to come back. Look at Ray Johnson. He was gone, I guess, twenty-five years. Ray got there in December of 1948 in Manila. His wife was having their first child, and so she didn't come out until March or April of the following year. Ray was sent down to Cebu. He lived in Cebu, Bacolod, Iloilo, Davao. He lived in the south islands for ten years before he even got to Manila. He came to Manila in 1958.

Marcello: So he was really out in the boondocks for that initial stage of his career with Caltex.

Taylor: Yes, the whole ten years. He had every job down there. Then when he came up to Manila, it was 1958, and I was made Manila district manager. I had been the assistant district manager under Walt Johnson. Walt moved upstairs,

and I took over the district, and Ray Johnson came up as assistant district manager. Then ultimately, when I moved upstairs a couple years later, Ray took over the Manila district. Then when I went to Bangkok in 1962, then Ray took over upstairs. Then he went back to New York for a while.

Marcello: Now when you moved back to Manila again, eventually the district manager there, what were the differences between operating a district office out of Manila and operating a district office out of Davao, other than the size of the territory?

Taylor: Night and day (chuckle). Night and day. In the first place, Davao, when I was there--as I said--was very tiny. I think we had forty people in the district, and that included everybody right down to the janitor. I had a bulk depot with laborers and a foreman and a manager. I had three salesmen. You did a lot of running around on your own. I travelled quite a bit in those days up and down the area by small plane and car and bus and small boat.

But the Manila district was a pretty sophisticated operation. I think I had--counting the terminals and depots--700 people. It accounted for about 70 percent of the Philippines business, so you're pretty well on the line. When I was an assistant manager in Manila, we had a district manager and an assistant manager and then section managers. When I took over, I said, "I'd like to have two assistant managers instead of one." One was to handle retail accounts

and one to handle consumer account, which was a much better operation because you couldn't keep your finger on all that. So we did. We had John Pritchett and Ray Johnson as the two assistants. I don't know how it is today, but that was maintained for many years.

It was a completely different operation than in Davao. In one way, in Davao you were a pretty big twig on the branch just by being in Davao. I think there were only about ten or twelve foreigners in the whole place, which included Swiss and British and Americans and Germans and whatever. There was a Britisher in charge of the Shell Company; there was an American in charge of Standard Vacuum; I was the American in charge of Caltex; Max Stussey was a Swiss in charge of the heavy equipment outfit, Caterpillar. Then International Harvester had a plantation that was run by a couple of Britishers. There were abaca (hemp) plantations and abaca buying houses there, and they had some foreigners in them. It was a small town, and we just loved it. I would've stayed there forever.

Marcello: Would you have had more latitude in terms of decision-making in your operations in Davao because it was somewhat isolated as opposed to working up in Manila?

Taylor: Yes. I think the only problem I had in Manila was that I had three of the general office people--the assistant general manager, the manager of refined oils, and the manager of lube

oils--were people to whom I had to report. These three guys had all been Manila district managers. Well, you know, there's nothing worse than having three people tell you how they did it or how you should do it, and that's what I had. That was the only part of the job I didn't like. Or else they'd get one of my salesmen on the stairway and start telling them things. I said, "You stay the hell away from my salesmen. I'll handle them." That was a pain in the neck, but other than that I enjoyed Manila. We had the kids in the American School, and Veda had a lot of friends there.

Marcello: By the time you left the Philippines this first time, how important was the Philippines to Caltex in its overall scheme in the Far East?

Taylor: It was by far the largest of Southeast Asia and the most important. It was larger in volume, larger in staff, larger in facilities--larger in every way. Japan was a different story. Japan was more a purchaser of crude oil, and we owned shares of refineries in Japan.

Marcello: Almost everything in Japan was a joint venture, was it not?

Taylor: Right. Now in Southeast Asia, Singapore is a small place; Malaysia, while not small in area, was a small operation; Thailand was, also, although Thailand is pretty damn big now. When I first went to Thailand in 1962, I think our sales were in the neighborhood of 2,000 barrels a day. I think

now they're probably 40,000 barrels a day, so it's a different operation. But the Philippines was one of the major companies of Caltex.

Marcello: In one sense, I guess, by the time you left there in 1962, it was more or less a pretty mature operation, was it not?

Taylor: Yes, absolutely, yes. It was no more drums, except on occasion. We had a nice office building. It was quite sophisticated.

Marcello: Give me the background, then, concerning your transfer to Thailand, first as an assistant manager and then later on as the general manager. Give me the background relative to your appointment to Thailand.

Taylor: Well, I'd been looking for a transfer somewhere because I thought I'd been in the Philippines long enough. But you can't just write a letter and say, "I want to go to so-and-so." So anyway, I don't really know how...I guess I was upset in 1961 because they took another fellow, Jack McGinn, from the southern islands in the Philippines and sent him over as manager in Saigon. I was upset because I thought I should've been offered that as a general manager. As it ended up, it was just as well, but at that time we didn't know that.

So I was sort of nudging for a move somewhere. I guess New York must have come out with a requirement for a man to go to Bangkok as the number two. Gene Menefee called me in

the office and asked me if I'd like to have it. I said, "Sure." So that was it, and I went over there. I guess I was there in 1962, and I came on leave in 1963, and then I went back as the general manager.

Marcello: What was the state of the Caltex operations in Thailand when you went there?

Taylor: Just between you and me, it was chaos.

Marcello: Can you explain that?

Taylor: Well, in my book it was not being operated with any semblance of order at all. Salesmen didn't have specific areas; they went where the boss told them to go on such-and-such a day as he told them. So there was no real responsibility down the line. We didn't have on the staff really heavily qualified people; we more or less hired by price rather than looking for quality. We'd hire our salesmen, say, for 1,600 baht a month, which is like \$80 or something like that, but Shell would be hiring them for 5,000 baht a month. You know, who the hell is going to get the business? Well, it was pretty logical. It was just, in my book, not a good operation, and I don't lay all the blame on the local management at all. I lay a hell of a lot of it on New York because they certainly came out there on visits. We'd gone down from 16 or 17 percent of the market to 11 percent.

Marcello: So you actually had been losing market share there.

Taylor: Over about five or six years. Yet they had the same guy in

charge. All he would do is write a letter and say, "Well, they opened up a Thai oil company--a local company--and they're taking all the business." But my attitude was, "Why the hell did they take it all from us? Why didn't they take some from Shell and Standard Vacuum?"

The figures stood there, so I blame that a lot on New York--absolutely. They didn't know what was going on at all. When they came out there, the only person they saw was the managing director. They were not allowed to talk to anybody else. It was a hopeless case.

Marcello: Now at that time, what kind of operations does Caltex have in Thailand? For instance, did it have a refinery at this point?

Taylor: No, not at all. The refinery--the Thailand Oil Refinery Corporation (TORC)--was being constructed. We were being invited to participate in that. Shell had the whole enchilada; they had a contract to supply the crude and take off the refined products--an input and an output--for the whole refinery. So they offered us--Shell did, not TORC--a piece of it depending on our market share. We could put in the crude and take out the refined products. They also offered it to Standard Vacuum. We all did it in the beginning, and then Standard Vacuum decided they'd build their own.

Marcello: How did this operation work out as far as Caltex is concerned?

Taylor: It was excellent. It was the best thing in the world.

Marcello: Why was that?

Taylor: Well, the prices were very fair. We had, in effect, a refinery. We could get our products. You named your requirements three months before, I think, and no one could cheat on it. In other words, it went by percentages. We'd say we needed so many barrels, and Shell needed so many barrels or whatever, and Standard Vacuum would need so many barrels. That was 100 percent. The number of barrels I had was related to the percentage, and I had to take that, so therefore that kept me from overstating my requirements because I would have to take it even if I couldn't use it. So we were very careful on being absolutely honest on those figures. If I asked for so much and that cut somebody else out, that's fine; but I had to take it. So it worked very well for many years, and it was, I think, probably our cheapest refinery costs in the whole Caltex operation for those years.

Marcello: How did you go about remedying or rectifying the situation that you found there relative to the organizational setup that you described critically awhile ago?

Taylor: Well, in the first place, we tried to take in some better types and get rid of some of the deadwood we had, which amounted to a lot. Another thing we had was a lot of dishonesty in the company, i.e., kickbacks from dealers.

If you named the guy as a dealer, he'd have to pay you so much money to become that dealer. We stumbled on a lot of those things. I had Earl Sanders as my number two person, and I think we fired a great number of people for dishonesty the first year I was manager. I mean, it was a license to steal to work for Caltex. You couldn't believe it.

The previous policy was...high-octane gas had just come in, and we had one high-octane pump in the whole bloody country. When a dealer asked for a high-octane pump, the policy was to let him have it in five-gallon tins, and if he sold enough, then you'd give him a pump and tank. But if the guy across the street--Shell--had a pump and a tank, who the hell was going to come in and buy a bucket of it? So we increased our market share every month for thirty-some months in a row for high-octane gasoline just by putting in extra equipment each month. It was a pretty simple operation. It was hard to describe.

Marcello: Did you know all this going into that job?

Taylor: Hell, no! When I went over there, actually, I was insulted because here I am, the number two man in an outfit that sold 2,000 barrels a day, and I told the boss then--I had a big argument with him--I said, "Hell, we used to spill more than that back in Manila." He was highly insulted that I was talking about his outfit, so he and I didn't exactly hit it off too well. Anyway, he was transferred afterwards to another

job in another country.

Marcello: How did you go about reorganizing the sales force and things of that nature? You mentioned that that organization was in chaos when you got there.

Taylor: I let the supervisors have something to say for a change, and also the managers. In fact, we had a rating system, and I had everyone rate the twenty-some-odd salesmen we had from top to bottom by certain categories: industriousness, honesty, ambition, etc. There were about six or eight categories, and they marked them from top to bottom. It was amazing that the one that we called the "Mongolian Idiot," who was the previous boss's favorite, came out at the bottom of all the lists. There were some sixteen lists, and he was at the bottom of all of them, so we canned him.

It was an interesting job; I really loved it. And I liked Thailand; we really enjoyed it very much. It was different, and we entered into a lot of things.

Marcello: How were the operations different in Thailand than they had been in the Philippines?

Taylor: Well, firstly, we dealt a lot through individual dealers. As I said before, if we picked up an account of some cement plant down the road, we would introduce him to the local dealer. Maybe we would supply a pump and tank, but the local dealer handled it all--the credit, the collections, the delivery. He got a commission, or he sold it to them directly for a discounted price. Therefore, we didn't have to have our

salesmen calling on every little shop in town, whereas we did in the Philippines. Well, they'd call on occasion, or they'd go look with the dealer just to make our presence known. But it was a different operation in that respect.

We changed our delivery patterns. We got dealers to begin accepting deliveries at night. The traffic in Bangkok is something horrible. Of course, as new roads were built, we could finally get to a point where we could deliver directly from our refinery and bypass Bangkok right up to the north, by tank truck instead of rail car, to a depot and all that. We closed a couple of depots. I guess that happened after I left there. We closed several of the depots. We were headed in that direction.

Marcello: About how long did it take you to turn the situation around there in Thailand?

Taylor: Well, when I took over, I think we probably made a couple hundred thousand dollars up to that point in that year, which was in the middle of the year. When I came back to New York and Jim Voss said I was going to be the manager, he said, "How much money are you going to make this year?" I said, "We'll probably lose about \$50,000." He said, "You already made \$250,000." I said, "Yes, but we have got to spend some money. If you don't spend any money, you can't make a lot of money. Your tanks are going to fall down one of these days; you've got to repair the trucks; you've got to repair the equipment; you've got to replace the equipment.

You've got to do a lot of things we haven't been doing for years." We hadn't built service stations anymore than one or two a year for five years. The first year after I took over, we built twenty-seven; the second year, we built some twenty-some-odd. So just that increased the business.

I think we gained market share by 3 or 4 percent. It was simple to do; it wasn't any masterful stroke at all. It was just so obvious. You could have had the cop on the corner go in there, and he would have made it profitable.

Marcello: In one sense--correct me if I'm wrong--by going in there you had a lot to gain and maybe not a whole lot to lose, given the state of the situation there in Thailand.

Taylor: Oh, yes. There's no question about it. Sure, I looked like a hero. It couldn't go anywhere but up. You couldn't make too many mistakes. Not only that, but I had some great guys with me. You might know them: Earl Sanders, Bill Dunning, Matt Saunders. That's why I kid both Bill and Matt. I say, "I trained you guys well. You're both vice-presidents, and I never made it." (chuckle).

Marcello: How much cooperation did you get from New York relative to turning around this situation?

Taylor: Quite a bit. Dave Rowsome was here as the deputy regional director at that time. It was through him, I think, that I finally got the job out there as number one. He gave me full backing on every turn. Dave died not long afterward.

Marcello: What kind of help could the home office give you in a situation like that?

Taylor: Well, in the first place, I proposed that I wanted to build twenty-some-odd service stations, and that would cost some money. There weren't too many countries in the world that were looking for money like that, but I got it. We proved our point that we were going to sell the product and make the money, so they went along with it. We had a lot of other ways. We had dealers build service stations. We'd give them so much discount per liter so that they'd pay themselves back for their service stations. We moved a lot of product that way.

Then, of course, in addition to our normal growth, the Vietnam War was plugging through there, and we got military contracts, so we were selling 10,000 or 12,000 barrels a day to the military and delivering it out to the air base. They'd put 10,000 gallons in one of these damn tanker planes and take off.

Marcello: You brought up this subject, and let me digress and pursue it a little bit further. You mentioned the military contracts here. What do you know about the background of Caltex originally getting those military contracts?

Taylor: The big one? The one for the Korean War?

Marcello: Yes, going all the way back to the Korean War or even beyond.

Taylor: I don't know a hell of a lot about that at all. That was all

done in New York--the creation of those big contracts--and was pretty well handled by our supply vice-president at that time. Our contracts in Thailand, during the Vietnam War, we'd bid on them through New York and the DFSC in Washington. Then we'd be awarded so much. It wasn't just us. We all--Shell, Standard Vacuum, ourselves--shared in that military contract business. It was pretty voluminous.

Marcello: Now awhile ago you were talking about the cooperation that took place between Caltex and Shell relative to that refinery. There was a Thailand oil refinery that went on the line in 1964. Now that's the one we're talking about. But now Caltex really had nothing to do with the actual building of that refinery?

Taylor: No, nothing.

Marcello: Basically all it was getting was a percentage of the product.

Taylor: We put in our share of crude and got out our share of products. That was the whole contract between Shell and ourselves.

Marcello: What differences did you perceive in working with governmental authorities in Thailand as opposed to what it had been in the Philippines?

Taylor: Well, I never really worked with any U.S. government people in the Philippines at all. I think that we got along pretty well in Thailand. They had a couple of particular officers who handled the fuel procurements, and we got along very well with them. You had to be very careful. You know, if you

bought the guy lunch, then Washington was looking down your throat because you're bribing somebody or something like that. I forget his name, but one of them was very understanding, and we did a lot of business. This number two fellow of ours, Earl Sanders, handled that pretty well himself.

Marcello: You say that you really enjoyed your tenure in Thailand. Was that mainly because of the job satisfaction, among other things, in seeing this situation turned around?

Taylor: Yes, that was one. Also, we enjoyed Thailand as a country very much. See, Thailand, unlike anywhere else in Southeast Asia, had never been colonized or subjugated in any way. The Philippines had the Spanish and then the Americans; Vietnam, Laos, and Cambodia had the French; Malaysia, Singapore, Burma had the British; India had the British. In Thailand they always say that's because they were so brilliant diplomatically, but others say that they were really a buffer between the French and the English (chuckle).

It was a pleasant country to live in. They had no likes or dislikes when it comes to foreigners. If you want to come and live there, it's fine. They're a very open people, and as you know, the Buddhist religion is very peaceful.

We had an international school there where the kids went. I ended up as chairman of the school board. Now I'll never go

through that one again. You know, where you get trouble back here with kids smoking cigarettes or something like that, we had prostitutes solicitating kids on their way out of class at the main gate. I had to talk to the police, and they didn't see anything wrong with that. We said, "Well, can't you at least move them down to the corner?"

Marcello: In 1966 and 1967, you were back in the Philippines again. Describe for me the circumstances under which that transfer occurred.

Taylor: Well, Gene Menefee, who was managing director of the Philippines, was leaving to go back to New York. Jimmy Wolahan, who was the general manager in the Philippines, was number two. He would take Gene's job, and they were looking for someone to come in as number two with Jimmy Wolahan. Frank Zingaro, who was the regional vice-president at the time, came out to Bangkok and asked me if I wanted to go over there. After three or four days of discussion, we decided that I would go, although Veda wasn't that thrilled about it because she was looking forward to going back to the States at that time. So I said, "Well, let's take this opportunity and then determine whether we'll go back to the States a little later."

So we moved over to Manila, and I took over as general manager. Veda and I discussed it, and we felt that she didn't really want to be overseas any longer. We had sent two boys back to prep school from Bangkok because we didn't

feel that the schooling there was the greatest, even though I was the chief "honcho" at the school as chairman of the school board. The boys went back to prep school, and we asked them what they'd like to do in the future. They said, "Well, we'd like to live in the States, but we want to live with the family." That wasn't very good having the kids gone for a year at a time. So we determined later on, after a year in Manila, that we should return to New York. I asked for a transfer.

Marcello: What kind of a career decision was that, family situation aside?

Taylor: Well, I shot myself down--politically, financially, and every other way--because the future at that time was in the field. I think the company had in mind for me to stay there, and at such a time in a few years, if Jimmy Wolahan were to leave, I would take over. That's exactly what happened with my follower, who was Ray Johnson. Then he ultimately took over in the Philippines and then moved on to Australia and on up.

Marcello: Now you weren't in the Philippines that long...

Taylor: No, a year.

Marcello: ...but during your short tenure there this second time around, what changes, if any, did you note in the overall operation as to what was taking place there?

Taylor: Well, as to regard of the company's operation, while I had

been in Thailand--during that period, the four or five years I was in Thailand--there was a so-called management strike in Manila. The Filipino managers struck against the company. It was probably the only manager's strike in the history of the world, but it created a real rift in the company--those who had stayed with the company or had stayed in their jobs and those that had struck. So our so-called middle management were two groups of people definitely. I certainly noticed that when I went back in 1966. At times it was very unpleasant because you were trying to be fair with everybody, but if you promoted somebody who had not struck, then those who had struck thought it was playing favoritism. If you did the other, then the ones who had stayed with the company felt they weren't being treated fairly. It was a very difficult operation.

Marcello: Now were these Filipino managers who had struck?

Taylor: Right.

Marcello: What was the crux of the problem?

Taylor: They didn't feel that they were...while they were being promoted to middle management positions, they were not getting the same as their American predecessor had received in the way of salary or benefits or things like that. That was their prime concern. As I say, it created a very difficult time. I'm sure Jimmy Wolahan, who was the American director, had a lot of headaches in the years following

that strike.

Marcello: About how many people are we talking about--who were involved in that strike?

Taylor: God, I wouldn't even guess because I wasn't there during it, but it was a sizeable number. Then again, those who were not managers sided with one faction or the other, so it was a split company.

Marcello: So I gather, then, that your second tour of the Philippines wasn't exactly too pleasant.

Taylor: Well, it was pleasant, though; I mean, I enjoyed it, but we did have our difficulties, no question.

Marcello: I guess all through that period the Batangas refinery was expanding, and I guess that's further evidence that markets were also expanding in the Philippines.

Taylor: Right, right.

Marcello: Now there's something else that I want to bring in at this point, and I'm not sure exactly what you know about it or how it affected you. Sometime in the late 1950's--let's say about 1957 or something like that--the company had undergone a reorganization. In other words, they brought in a consulting firm and divided the company into Caltex East, Caltex West, and Caltex Service Company. How did that affect you relative to what you were doing in your area?

Taylor: Not a bit. That was in the 1960's, and, really, in the field I don't think we paid much attention to which was

West and which was East. Our countries over there reported to certain ones. I think George Ferguson was number one. I didn't know the difference at all so far as who the hell was whom. See, those of us in the field who were not right at the top, and even if they were at the top, really didn't pay a hell of a lot of attention to who was whom in New York at all. We had little or no connection with them. You saw them when they came out on their annual soiree to ride around and look at some gas stations or something like that. Then you'd have to look it up and see who the hell it was that was coming and what his position was or what his title was.

I remember when Frank Zingaro came out one time to Thailand. I had an announcement written up for a cocktail party, and I said, "Mr. F. W. Zingaro, vice-president of Caltex Petroleum Corporation, and president of Caltex Oil (Thailand), Limited." He looked at the thing and said, "Am I president of Caltex (Thailand), Limited?" I said, "Yes." He said, "What am I in Hong Kong?" I looked it up in the book, and I said, "You're chairman," or vice-chairman or whatever in hell the title was. He said, "How come Jack Wolf didn't put that on his invitation when I was there?" I said, "Well, he probably figured you knew what the hell you are, Frank." (chuckle) Titles are bountiful. You had to be an officer in everything you dealt with.

Marcello: What have you heard about the results of that reorganization that took place? For the company, had it been a good thing or a bad thing.

Taylor: I never knew when it took place. I never paid any attention to it. As I say, those of us in the field had no real knowledge of it at all. We don't know when it all stopped being Caltex East, Caltex West. I guess that discontinued about 1966 or 1967, just about that time I moved back to the States, so I really never had anything to do with it.

Marcello: In 1967 you do move back to the States into the New York office, and you become deputy director of the Southeast Asia Region. Is that correct?

Taylor: Yes.

Marcello: Just for the record, what countries were included in the Southeast Asia Region at that time?

Taylor: The Philippines, Hong Kong (which included Taiwan and Macao), Vietnam, Laos, Cambodia, Thailand, Burma, Malaysia, Singapore, and Indonesia (as far as any marketing was concerned, not production or any of that stuff).

Marcello: A pretty extensive region.

Taylor: Yes, we had a good piece of the world.

Marcello: Under whom were you working?

Taylor: I worked under Gene Menefee for six months, and then Fred Levenhagen came in from Singapore and took over as regional director. I worked for him for...I guess he was there for

two years. Then subsequently, I became regional director.

Marcello: When you moved in the New York office, what were your specific functions? What were you going to be doing?

Taylor: Well, overseeing the operations of the various companies in Southeast Asia and giving them the New York support that they required and reviewing activities and budgets. Generally, it involved keeping your finger on the activities of all those companies. See, there were Caltex (Philippines), Incorporated; Caltex Oil (Hong Kong); Caltex Oil (Thailand); Caltex Oil (Malaysia). The Singapore company was Caltex (Asia), Limited and Caltex Overseas. They were the two companies there. So there were a number of companies involved, and you had personnel matters, as far as the expatriates were concerned, in those countries. At that time, we probably had anywhere from six to eight Americans in each of those countries, with the exception of the Philippines, which perhaps had ten or twelve or something like that. So there were probably about thirty Americans involved.

Marcello: As you look back upon that period, when you were either deputy director or regional director of the Southeast Asia Region, what marketing strategies were being developed during that period?

Taylor: That's a difficult one to answer.

Marcello: Was it simply more of the same? In other words, expanding markets or increasing market share?

Taylor: I think to a great extent it was. However, you must realize that in the early 1970's--I guess it was 1972 when the world oil crunch came on--it changed complexion considerably. It became more of a seller's market than a buyer's market, and it was a case of trying to obtain the product for the customers whom you had for many years and to be sure that you supplied them.

So in addition to our normal activity, I think that the old look at the market share as a prime consideration was changing considerably. We were looking at a profit and loss statement and making good on commitments to customers who had been with us for many years. So it was a changing environment in the oil industry. Prices were skyrocketing, as you know, and trying to get the product at the lowest prices, sell it, and supply the market took a lot of time.

We also, certainly in the first half of the 1970's, had a great government business for the Vietnam War. That was part of our activities. In fact, in our New York regional office, we had one man who really did nothing but the government requirements there on the DFSC contracts and all that. That was Walt Johnson.

Marcello: As oil prices increased drastically during this period, what reaction did the governments of the country involved have toward Caltex? In other words, did they recognize that there was a situation here over which Caltex really

had no control?

Taylor: I think for the most part that they did, but you had the same thing over in those countries that you had here, wherein even President Carter, as you recall, got up one time and said, "We're going to stop the oil companies from ripping us off." I wanted to go to court with that and tell him he was insulting me, but I was talked out of it. That was the reaction, as you know, that the oil companies were keeping a bunch of tankers out in the Boston harbor waiting for the prices to go up, you know, asinine statements like that. If you kept a goddamn tanker in the harbor for a week, you've lost your shirt, no matter what the hell price you sold it at. You know, money tied up costs a lot of money.

But I think we managed to convince the various governments that what we were doing had to be done. Everytime a price went up, you know, we'd be delayed by government saying, "Okay, you can raise your price but not until next Monday." But in the meantime, you can't just keep the stuff. You still have to supply your customers. So you actually lose some money on some occasions for a while. I think the Philippines, in particular, were a case in point where we were in a loss position for a considerable time. But I think that happened in a great number of places in the world.

Marcello: How does the formation of OPEC and the rising tide of Third World nationalism, I guess we can call it, affect the operation

of Caltex during this period.

Taylor: Well, as you know, places like the Philippines, Japan, and most of your Southeast Asia nations have no appreciable local oil of their own, Malaysia being a different one. They depend entirely on imports, and when the price of oil in a ten-year span goes from \$2 a barrel to \$30 a barrel, they're hurt seriously. For example, in the Philippines the consumption is 150,000 to 200,000 barrels a day. You're talking the difference of \$25 a barrel where 150,000 times \$25 is a lot of money. The Third World countries and the developing nations took a tremendous beating during the 1970's. A lot of them that were beginning to show some signs of coming out of economic depressions and chaos went right down the rat hole. They can't afford it. I know they were brought along to enjoy the benefits from oil and the modern implements and equipment. Then all of a sudden the cost of supplying those jumped by 1,500 percent. Who the hell could afford it?

Marcello: That kind of a situation must have played havoc with foreign exchange rates and things of that nature.

Taylor: Certainly, it did. It certainly did. I think in most of those countries you'll find that their greatest requirement for foreign exchange is petroleum--energy.

Marcello: What countries seemed to be affected the most by that in that Southeastern Asia region while you were there?

Taylor: I think the Philippines was because by far it was the biggest. Hong Kong, I guess, can afford whatever it costs. Malaysia ended up with their own oil. Thailand has some oil, but it only produces 10,000 or 12,000 barrels a day or something like that. So it affected Thailand. On the other hand, while all this was going on, Thailand had the benefit of the Vietnam War with all the GI's R&R and a lot of supplies out of Thailand for the military. So that to a certain extent offset some of the drastic oil maneuverings.

Marcello: Now by the time you moved into this position, had stability more or less been restored to the government of Indonesia? By that time was Sukarno gone, or was all that taking place while you were there?

Taylor: No, I was back in the States, I guess. When did he leave? The late 1960's or early 1970's?

Marcello: I believe that's when it was, yes.

Taylor: Yes. See, I really didn't have much to do with Indonesia, as I say. I was in charge of what little marketing that had been done there. But the marketing in Indonesia is done by a government company, and the only thing we could supply were lubes and greases. We couldn't supply any refined oil. So our efforts down there were minimal. They were covered mostly by a manager in Singapore flying down once in a while. We finally named an agent down there who does it. So the political activities in Indonesia had no

effect on us. I think the Amoseas people would probably know much more about this.

Marcello: Now there was something else in the works organizationally by the time that you moved back to New York. I'd like to have your comments on it. I'm referring to the decision of the parents to take back Europe.

Taylor: Well, that affected us all greatly because we were all looking for transfers to nice spots in Europe (laughter). Never seriously, but we thought it would be nice to be stationed in Switzerland for a few years, or England or something like that. That happened, I guess, in 1967, just about the time I returned to the States. I returned in the middle of the year, and there were a lot of retirements and a lot of changes at that time with the loss of Europe. Well, McMillan can give you that. He was the managing director in Germany, as you know.

Marcello: What repercussions did you notice once you get back in the New York office as a result of that reorganization? In other words, how did it affect the morale of people in New York and things of that nature?

Taylor: I don't recall any particular aspects of that at all. As you know, I was tied up completely, all the time I was overseas and all the time I was in New York, with Southeast Asia. That was my whole bloody world, so I had never anything to do with the rest of it.

When I went back to New York, I was like a babe in the woods, never having been involved with the New York office. When I sat on the eleventh floor, on the side was Supply, Traffic, three or four different departments. I never knew the difference. As far as I was concerned, that was all one department over there. I didn't know any people, and I didn't know what the hell they did. I didn't know the difference between Traffic and Supply. In fact, I didn't realize we had so damn many departments until I got back--even though letters came out from New York always over some particular department's signature. We didn't pay any attention to it. As far as we were concerned, that was New York, a single thing. So one by one I met some of the guys and tried to work out in my own mind what the hell went on.

Marcello: You brought up an interesting point, and I'd like to pursue it just a bit further. In what ways were you "reeducated" by having moved from the field to New York? What were you learning about the company?

Taylor: Well, one thing I learned was that before we ever went to the field, we should've been taught all these things first. I think, had I known the intricacies of the New York headquarters before going to the field, I could've been more effective in my job. But knowing there was just one guy back there with a pen in his hand--that was New York--sort of made us miss the boat several times. Now I'm only speaking

for myself. Certainly, guys like Gene Menefee and Jimmy Wolahan, who had been in New York, were fully aware of what New York was all about. But I, as the Filipino/Thailand boy, really had to start from scratch back there. I didn't know where the hell to turn in a lot of cases.

Marcello: Can you name some specific things that you were learning about the company that you hadn't realized before, especially relative to policy-making decisions?

Taylor: Well, with respect to policies, I think major policies pertained to personnel or marketing endeavors or something like that. I think most of those pretty well developed by the individual region as to what their policy should be in their particular region. I don't think that was an overall thing. A general policy was to gain as much market as you can and sell it for the best price you can. Effectively, we went into supply situations where we tried to figure out how you could supply at a cheaper cost. Should you build more depots? Should you go into joint ventures with competitors and use the same tankage instead of everybody duplicating equipment and facilities? Things like that came in through the 1970's. It was a case of cost-cutting. I think in the 1950's and 1960's, you could sell whatever you had, and you could sell it at a good price. We made a lot of money. I think as times got stiffer, we had to look for ways to do the same things we had been doing, but

at a cheaper cost and more efficiently. I think that was the "name of the game."

Marcello: I would assume in one sense that Caltex was now concentrating on what it really did best as a result of that reorganization in 1967.

Taylor: We always felt that we were better qualified to operate in foreign areas than our shareholders. I'm sure they didn't agree with us, and that's why they took Europe back. I think that they lost a hell of a lot more money in Europe than we did. Our company was originated with foreign markets, and the shareholders had not. I think it's an expertise that you don't get overnight.

Marcello: And this was especially true of foreign markets that had been developed East of Suez.

Taylor: Yes, right. Some of these fellows that you have interviewed and some of the other names that have been brought up, these guys were pros in their respective fields, and they could relate. The main thing in operating a foreign market is relating to the local people--learn their desires, learn their requirements. Whether it be in personnel or in supplying a customer, you must get along with him; you must understand his needs, and you must understand how to help him out. I think we were all very well versed in that, as is proven by the fact that most of our guys in Dallas now have operated overseas. They still have a tremendous

number of personal friends in these countries--local people-- who they correspond with and they see regularly everytime they go on a trip or everytime that person comes here. I got a letter yesterday from a fellow in Vietnam. I don't think I met this man over four or five times, but he was our number one local man, and I saw him four or five times in Saigon. He just sent us a Christmas card and a letter. He's still trying to get out of there, and he appreciates the little efforts we're making on his behalf.

Marcello: This is something I should've asked you earlier. You just talked about the importance of having a so-called number one man in each of these countries. Did you have such a person when you were in the Philippines? And if so, who was it?

Taylor: A local person?

Marcello: Yes.

Taylor: Well, we had two or three in the Philippines. One was J.P. Roxas, who had been in the sales management part of it and ended up as a public relations man. The other was Q.C. Manalo, who was in our sales effort.

Marcello: These people can open up doors, can they not, perhaps that might not be available to an American?

Taylor: Absolutely, absolutely. We had one in Thailand whose name was Chet Poparsi. He had me in private audiences with the king; he had me in private audiences with the prime minister. He got me the king's award, the Royal Order of the White

Elephant Fifth Class. Shell got the third class. But they gave more money for education than we did; they were a bigger company. But, sure, he opened up the doors for you. Over in a place like Thailand, even more so than the Philippines, the managing director is the top dog. He's the guy that everybody pays attention to. Like, even our chauffeur, when we went to cocktail parties at the hotel, I'd say, "I'll drive." "No, no." He couldn't have his master driving his own car to a cocktail party. That would be insulting to our company. So I finally convinced him that he could drop us off; then he could go and park the car two blocks away. When the party was over, my wife and I walk up and get the car and go home instead of having him sit there for two or three hours. He didn't think that was proper at all because they have a great sense of pride and face.

Marcello: Access is the word. Those people can get the company access to this person, that person, or this government bureau or agency.

Taylor: Right. Certainly, you have to use the local people. You can't use Americans to do that.

Marcello: As a follow-up to this, access could be gained through the joint ventures, could they not?

Taylor: Absolutely.

Marcello: What is your feeling toward those joint ventures?

Taylor: With government or with local people?

Marcello: Well, let's take joint ventures with local people and how that would help you, let's say, in terms of access or in expanding markets.

Taylor: Well, certainly it's a desirable thing to have. It serves several purposes. In the first place, a joint venture costs you--individually--less than going on your own. Secondly, you have the local intelligence and expertise available right there. Thirdly, invariably, that local party whether it's a firm or individual or family, has access to certain business that would automatically come to that joint venture that you wouldn't necessarily get yourself. Next, they certainly have more access to their governments, and they have more knowledge of how their government offices work and which guy you have to get to to get your permits or whatever. So they're great. Of course, you're cutting your profits, too, through joint ventures.

Marcello: What is the ideal percentage to have in a joint venture so far as the company is concerned? Does the company like the 50-50 joint ventures?

Taylor: I think the company would always lean toward 51-49. They would like the 51 percent. But, as you know, in most of the countries we operate in, the governments dictate that the local party will have 51. So that's the way you go.

I think you can do a lot of good on the public relations scene by involving yourself in local projects. We just did

a job in Malaysia, where we took over the management of the construction of a government refinery, and it worked out very well. We got a lot of kudos from the government for that. It was fair; we charged them so much. But we got paid. I think we just entered into an agreement in Thailand to manage a Thai government refinery, which has been in chaos for years. One of the reasons it wasn't doing any good was that they added 500 extra "soldiers" on the payroll. I don't know how the hell that was resolved as it happened since my retirement, but they must have gotten something done and accomplished (chuckle).

Marcello: Let's take a look at the extremes. During your tenure as either deputy director or regional director of the Southeast Asia portion, which of the joint ventures proved to be the very best and which one was the worst?

Taylor: Well, I don't know if you could call TORC--Thailand Oil Refinery Company--a joint venture since we only signed a crude supply and off-take contract, which was a buy-and-sell arrangement. Certainly, that was most successful. I think also successful was the joint venture that we got into in Singapore with the Singapore Refinery Corporation (SRC), which is a jointly operated refinery. That has been very successful. I can't really lay my finger on anything joint that has been a complete flop. I don't know of any joint ventures that we got involved that panned out too badly.

Marcello: Let me ask you another general question relative to the activities of the New York office. Now this was probably the first time where you had a fairly close look at the relationship that had developed between the shareholders and Caltex. Describe that relationship that you found in the New York office when you went back there.

Taylor: It was a bloody joke, as far as I could see. The shareholders, and, in particular, one of them--I don't even have to mention which one--seemed to have the impression that we didn't really know what we were doing, and they had to check that every "i" was dotted and every "t" was crossed.

Marcello: This was Texaco.

Taylor: Right. Anything we ever did...and, well, we had approval sometimes automatic that day from the other one, and it will take a month or two months or three months to get Texaco to come to the party. I noticed that. I can't name particular instances in my particular region where it was effective, but I'm sure there were many. But it was always that way. They would send a team down to talk to our people and question them--it was like a third degree--to find out if they really know what the hell they were doing. I think the proof is in the pudding in this latest case in Texas (Texaco v. Pennzoil). It shows that they don't know what the hell they are doing.

Marcello: I do know that Texaco had a reputation within its own operations of really pinching pennies and keeping a very, very tight rein

on costs, no matter how insignificant.

Taylor: The guy that had the tight grip on the rein was Gus Long.

Marcello: Did Texaco try to exercise a similar kind over the operations of Caltex?

Taylor: They probably did, but I wasn't that close to it. See, at that time there were two Texaco, two Socal, and two Caltex board members. The board members on our part were the chairman and president. We now have three. We have the chairman, the president, and the senior vice-president--Howard Yergin, Ray Johnson, and Cy Miller. Now what happens when Ray becomes chairman (because he also has to retain his other hat) is that there will just be Ray and Cy Miller. Whether they will name another board member, I don't know. But then again, just the way Caltex has operated, there's never been a case to my knowledge where one parent would vote affirmative and the other one would vote negative and have Caltex side with one or the other. It just has never happened. They always snake their way out of it some way (chuckle). Now I always felt that, hell, if we had three and they each had two, man, I'd ram it all down their throat. That isn't the way business is done, I guess.

Marcello: What kind of a relationship existed between two parents, that is, between Texaco and Socal?

Taylor: Well, on the surface they seemed to get along, but I think that Socal really basically thought that Texaco was pretty dumb. I don't know what Texaco thought of Chevron, but it

was probably very similar. I think, if you talk to most oil people, the hierarchy, they don't have much respect for Texaco.

Marcello: Why is that?

Taylor: I don't think they feel it's well-managed. Well, in Gus's time, of course, it was one man--one man, all votes. It was a dictatorial policy. I think--this is a personal opinion, and I'm certainly not the world's expert on corporate operations--that Texaco has been very weak in their handling of a number of things. I think it's because, as in a lot of corporations, the directors are the "chosen boys." Whether it's because they own a hell-of-a-lot of stock or because their father-in-law owns a hell-of-a-lot of stock or whatever, they ended up in the driver's seat. Sometimes some of them are very, very qualified--very bright--and there are some who are not. Maybe T. Boone Pickens has the right idea to get in and clean house for a lot of bloody corporations if they're not operating to the best interests of their shareholders--which I am no longer an employee; I'm a shareholder.

Marcello: You mentioned something awhile ago that I want to pursue. At one point in our conversation, and I believe this was off the record, you mentioned that Jim Voss was the first chairman who had been solely a Caltex employee.

Taylor: Right. He had never been with Texaco or Chevron, and every

other chairman we ever had had came from one or the other.

Marcello: How did that affect the management of the company?

Taylor: Oh, I think it was like a shot in the arm because Jim has a very personal relationship with a great number of the guys, and he was very, very highly thought of. When he asked you to do something, he wasn't the ivory tower figure that you didn't know and never saw before. You knew who the hell he was. There was a great esprit de corps.

Marcello: Yes, he would not have been as remote as these other people who had been presidents of the outfit.

Taylor: Absolutely. In the first place, I met the chairman of the board—it was a name that I even forget—the day I was hired. "How do you do," you know, "Hope you enjoy working for us." "Good-by." As I say, I never saw the man again. I don't think I saw another chairman until I returned to New York and met Mr. Lilley, which was 1967. So that was twenty years. I guess I knew names as they went in and out, but I wouldn't know them if I stepped on them, and they certainly wouldn't know me. They wouldn't even know my name.

Marcello: So not only is somebody like Voss a familiar figure from perhaps a personal standpoint, but he also can generate confidence because you know that he has spent time out in the field and has some sort of a grasp of the problems and the situations about what's going on out there.

Taylor: Right. I think, for the most part, right now in the management of Caltex, you can go through the whole batch of everyone up there...well, the chairman, the president, the senior vice-presidents, and all the vice-presidents have all had time on the field. I don't mean one tour. They spent a good number of years in various operations, so they can understand what goes on. They're not going to just sit there in their little cubbyhole and dictate what should be done. I think many years ago it was more of a case of a letter coming out and saying, "Here's what you do for the next thirty days." You didn't have much authority.

Marcello: Can you be more specific relative to how Voss's coming in as chairman would have helped you in your operation in Southeast Asia?

Taylor: Well, when he was made president, I think it had a great deal of significance. I think that Voss by getting himself on the board, had a great deal to say, and he was heard by the shareholders. Before we had a local man, before we had a Caltex man on the board, they couldn't argue from facts because they didn't have any facts. So it took a man like Voss to come in and say, "Well, now I know what they're up against in XYZ country. Here's the way it's done, and here's what's going to happen. And I think we should pass this and give them what they're looking for," or whatever. So in that respect I think we

were all fortunate.

Marcello: Let me throw out something else to you, and it more or less follows what we've just been talking about. Obviously, there were people in the Caltex (New York) office who had always been with Caltex but who had never been out in the field. Now was there ever any kind of friction between those two groups, let's say, between the New York boys and the East of Suez boys or something like that?

Taylor: I don't think there was anything serious. You know, you find yourself out in the field and saying, "Oh, I know who in the hell sent that cable. That was that jackass, So-and-so, who sits at that desk near the door," or something like that. "What the hell does he know about it?" But they're probably back there saying the same damn thing about us: "This poor fool has never been out of the Philippines. What the hell does he know about it?" Oh, yes, you had those little things, but I don't think there was anything serious. If it did get to be serious, then the number one man out in that field would call up his regional director or regional vice-president back here and say, "Hey, we're getting all this garbage from the so-and-so department, and it was probably written by So-and-so. Put a stop to it because it's foolishness." Then somebody stepped in and got it arranged.

I'd say that in every company and every industry, you

have jealousies and dislikes of personalities and things like that. Well, it's just like in this country, you know, where everybody is saying, "Congress is just a bunch of idiots because they did so-and-so." Well, factually that cannot be the case where they're all a bunch of idiots there. There are some idiots there, but there are some bright people, too. You tend to group things, and I think it was the same way with us. "New York doesn't know what the hell is going on." Then in New York, they say, "They don't know what the hell they're doing out there." But it all resolved itself and ended up as a pretty well-run organization over the years.

Marcello: What do you know about the decision to move Caltex headquarters from New York to Dallas?

Taylor: The reasons, as I understood them, for wanting to get out of New York and go somewhere were, firstly, there's a New York City tax and New York state tax that are pretty stiff. Secondly, rentals were pretty exorbitant for office space. Thirdly (this was a minor reason), you had to hire in relation to the population of the particular area, i.e., if it's 75 percent Puerto Rican, you better have 75 percent Puerto Ricans on your staff. We managed to get waivers of that from whatever the name of the association or committee that runs this thing by the fact, that we were a management concern for overseas operations, and we only had the managements of the company there. We didn't have truck drivers, and we

didn't have laborers and manufacturers and assembly people and all that.

Marcello: I've been told that the New York office really didn't have that much secretarial or clerical help. Is that true, too?

Taylor: Secretarial? I think they laid off forty-five secretaries at one time, and they never missed them. The secretaries had secretaries.

Marcello: So much for that theory then (chuckle).

Taylor: That's right. That went up in smoke, didn't it? I think it was because of taxes and rentals. Another, which was not a major concern but was talked about at times, was the fact that it was very, very difficult to transfer people in. Who the hell wants to give up their car and their chauffeur out in Hong Kong and come in to New York and commute on the bloody subway or the train and have all those hordes of people running around. New York was not the most popular place as far as Caltex was concerned.

So they set up this group--and I can remember Ron Stewart and Jimmy Wolahan were on it and a couple of other people--who visited a number of cities to see where it might be logistically beneficial for Caltex to be located. They came up with some answers. Anyway, to make a long story longer, the thing was shot down in flames by the shareholders. They didn't want us to move anywhere. I think that Texaco didn't want us to move because we'd be getting away from them. Chevron was more for it. They would like us to move.

They wanted us to go to San Francisco at one time, but Texaco wouldn't even hear of that.

So anyway, it all died for a few years, and then all of a sudden, it came out that we were going to move, and it was going to be to Dallas. Now the numbers have been bandied about as far as the costs. The original cost of moving was estimated to be "X" number of millions. I think the final cost was somewhere like three times that much because of the years that had passed, and things had changed.

Now why was Dallas picked over the other cities? I know that in Las Colinas the company was offered a lot of benefits, such as the building that they had built for us where we could buy cheaper or rent, whichever it was. You're next to about the largest bloody airport in the world, so it was easy to get to your areas and get back. There are a number of reasons. It was a good move, I guess. I think that the majority...you could talk to the whole staff in Dallas, and they either love it or hate it. But that's the same as everywhere. But I think more people like it than dislike it from all I've gathered.

Marcello: Mr. Taylor, I have no further questions, so I thank you very much for having spoken with me. You said very interesting and important things, and I'm sure that they'll contribute to writing the history of Caltex.