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The Sixth Annual Report
of the
United States High Commissioner
to the **Philippine Islands**
to the
President and Congress of the United States
Covering the Fiscal Year July 1, 1941
to June 30, 1942
+
Washington, D. C., October 20, 1942

SIXTH ANNUAL REPORT OF THE UNITED
STATES HIGH COMMISSIONER TO
THE PHILIPPINE ISLANDS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE SIXTH ANNUAL REPORT OF THE UNITED STATES
HIGH COMMISSIONER TO THE PHILIPPINE
ISLANDS COVERING THE FISCAL YEAR
JULY 1, 1941, TO JUNE 30, 1942



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LETTER OF SUBMITTAL

To the Congress of the United States:

As required by section 7 (4) of the act of Congress approved March 24, 1934, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," I transmit herewith, for the information of the Congress, the Sixth Annual Report of the United States High Commissioner to the Philippine Islands covering the fiscal year beginning July 1, 1941, and ending June 30, 1942.

FRANKLIN D. ROOSEVELT,
THE WHITE HOUSE, *February 15, 1943.*

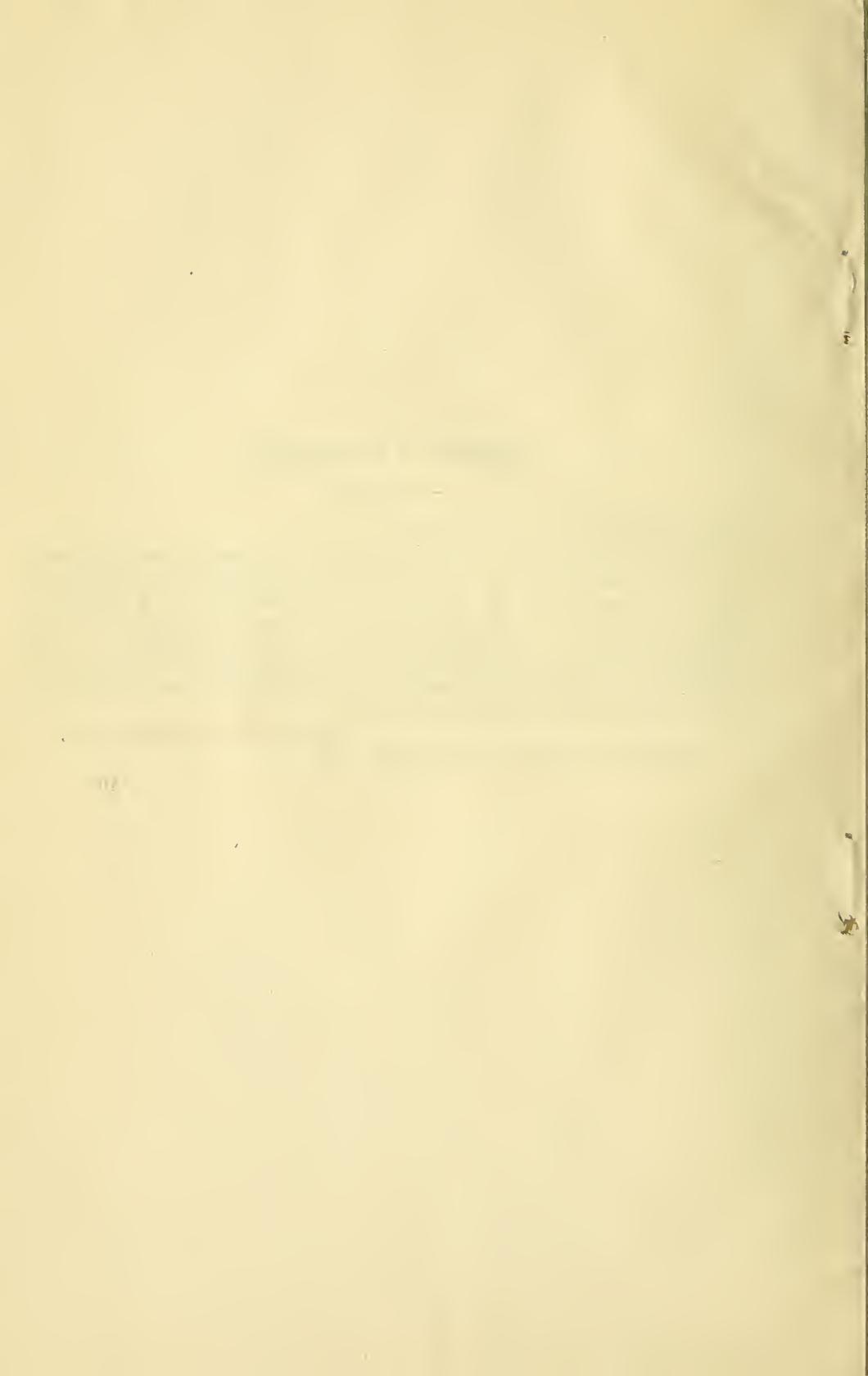


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SIXTH ANNUAL REPORT OF THE UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS

WASHINGTON, D. C., *October 30, 1942.*

To the President and Congress of the United States.

SIR: Pursuant to section 7 (4) of the act of Congress of March 24, 1934, I have the honor to submit herewith the Sixth Annual Report of the United States High Commissioner to the Philippine Islands. The report covers the fiscal year ending June 30, 1942. Because of the destruction of confidential files and records in the High Commissioner's Office in Manila so as to prevent their falling into the hands of Japanese forces which entered the city on January 2, 1942, because of the inaccessibility in Washington, where this report was prepared, of all papers and documents remaining in the Philippines, and because of the lack due to the war of basic statistical data and reports, the present report can be at best but fragmentary and incomplete. It covers a tragic period, when the American and Philippine flags flying over Manila were pulled down and the Japanese flag flown in their place, when the High Commissioner in order to continue to function was compelled to remove with a skeleton staff to the fortress of Corregidor and 2 months thereafter to Washington.

I. GENERAL STATEMENT

The crucial and central event of the year under review was the invasion and capture of the Philippine Islands by Japanese military and naval forces. Compared to this everything else was of minor importance. During the course of the year the functions of the High Commissioner's Office, which are of a distinctly civilian character, came to assume more and more of military significance until finally direct control and administration by the military largely superseded the ordinary civilian functions of government. Nevertheless, the transition from civilian to military control was marked by no formal procedure; at no time was martial law declared in Manila nor did the United States find it necessary under the powers provided by section 2 (a) (14) of the Independence Act to intervene by Presidential proclamation. Up to the very end the Commonwealth Government continued, within the limits fixed by the Independence Act, as amended, to carry the responsibility for the civil government of the islands.

Because of the outstanding importance during the year of military and naval activities in the Philippines, a brief separate section of this report has been devoted specifically to these activities.

MILITARY COMMAND

The military defense of the Philippines at the opening of the fiscal year was under the direction of Maj. Gen. George Grunert, in command of the Philippine Department. General Grunert, an able and effective officer, pressed the work of preparation and reorganization in the Philippine Department and at the same time kept vigorously requesting additional supplies, ammunition, and equipment from Washington. He held the deep loyalty and admiration of his troops.

On July 26, 1941, the President of the United States ordered the incorporation of the Philippine armed forces into the United States Army and on the same day appointed Gen. Douglas MacArthur, formerly Chief of Staff of the United States Army, then military adviser to the Commonwealth Government, to be commander in chief of a new organization to be known as the United States Army Forces in the Far East. As such, he assumed supreme command over the Philippine Department and all United States troops in the Far East. At a time when Japanese war clouds were growing ominously black the President thus placed in command of American forces in the East a man whose brilliant career placed him in the forefront of the military leaders of the world. It was a significant move and it affected the entire military situation of the East. General MacArthur with characteristic vigor and initiative threw himself at once into the work of building up our defense forces and calling for additional material and supplies from Washington. At the same time he pushed forward the work of inducting Philippine Army troops into the service of the United States Army, and giving them intensive training under regular United States Army officers. By the time war broke out the bulk of Philippine reservists had been so inducted; and many of these, together with the Philippine Scout troops, played a heroic part in the later defense of Bataan and Corregidor.

NAVAL COMMAND

The Asiatic Fleet customarily sails from Philippine waters for North China waters in April of each year; but due to the uncertainties of the international situation during 1941 the fleet remained in the Philippine area continuously until the outbreak of war in December.

Admiral Thomas C. Hart, the able commander in chief of the United States Asiatic Fleet, who normally would have retired in July 1941, was continued in his assignment as commander in chief and made his headquarters at Manila.

Rear Admiral H. M. Bemis, who had assumed command on January 10, 1941, continued as commander of the sixteenth naval district. Work was pushed on the expanding navy yard at Cavite, on the air base at Sangley Point, and on the installations on Corregidor and at Mariveles. In July the entrances to Manila and Subic Bays were mined by the Army and the Navy, and at the same time the naval industrial establishment at Olongapo was abandoned and the dry-dock *Dewey* moved to Mariveles. In November the Asiatic Fleet was reinforced by 12 large submarines and a submarine tender (the U. S. S. *Holland*); and during the same month the 2 battalions of the Fourth Marines which were then stationed at Shanghai were withdrawn and landed at Olongapo.

Owing to ill health Admiral Bemis was compelled to return to the United States and was succeeded by Rear Admiral F. W. Rockwell, who assumed command of the sixteenth naval district on November 7, 1941.

CIVILIAN WELFARE AND DEFENSE

During the summer and fall of 1941 the High Commissioner's Office continued to do everything possible to coordinate and assist in the work of civilian welfare and defense. After the Commonwealth Government organized the Civilian Emergency Administration in accordance with the recommendations of the Carswell report, the High Commissioner assigned his military liaison officer, Col. Robert Carswell, and later Maj. Cyril Marron, to attend the Civilian Emergency Administration meetings and help in the work. On September 7, 1941, the High Commissioner sent Major Marron to British Malaya and the Netherlands East Indies to observe and report on the preparations for civilian defense in those areas. Copies of the report prepared by Major Marron as a result of this trip were forwarded to President Quezon and to General MacArthur. Constant and intimate contacts with the Philippine Red Cross and other groups working for civilian defense were maintained. In spite of considerable difficulties the work of civilian defense preparation was pushed forward unceasingly, and these months of planning and preparation served the civilian population in good stead when the war broke out in December.

ECONOMIC AND SOCIAL CONDITIONS

Economic conditions in the Philippines for the calendar year 1941 were good. By reason of price levels rather than quantities the total value of foreign trade, over 491,000,000 pesos for the first 9 months of the year, was well above the value for the entire previous year. Similar situations were reflected in the visible and invisible balances of trade which were in favor of the Philippines in comparatively large amounts. The war in Europe and Asia forced more than usual dependence on the United States. Domestic trade was brisk and profitable on slightly inflated price levels. The Commonwealth Government applied ceilings to necessities including foodstuffs, some clothing items, and construction materials.

Social conditions prior to the outbreak of hostilities showed an increase of unemployment in particular industries which were adversely affected by shortage in shipping tonnage and export control. Among the general population there were some fear of war and feeling of defenselessness if war should come. However, the strain was well withstood and when war broke there was no disorganization of the social structure. Even after the defeat of their arms was evident, the people as a whole exhibited a fine degree of courage and willingness to do their best against unusual odds.

SHORTAGE OF OFFICE SPACE RESULTING FROM INCREASED WORK AND ADDITIONAL STAFF

During the period under review, the functions and personnel of the Office of the High Commissioner increased to such an extent that the offices in the High Commissioner's building were not adequate to accommodate all of the staff, and space over the garage in the grounds

was adapted for use by the Foreign Funds Control Division. During the summer the entire Export Control Division was transferred to space made available by the Commonwealth Government in the Customs Building in the port area, and after the war began the staff concerned with the supervision of enemy properties was shifted to the Commonwealth Government's new Agriculture and Commerce Building. Before Manila was occupied by the Japanese, however, all of the staff, except those evacuated to Corregidor, were brought back to the office-residence building of the High Commissioner.

INCREASING TRADE RESTRICTIONS

The shadow of the international situation falling across the normal civilian activities of the High Commissioner's Office constantly grew darker and darker. One could sense the coming storm by the increasingly rigid trade restrictions which had to be imposed. Practically unrestricted exports had been moving from the United States into the Philippines; and there was a growing danger that belligerents would try to drain away the Philippine reservoir of goods. The Office of the High Commissioner, assisted by the appropriate Commonwealth officials, administered a program restricting the export of war and other materials from the Philippines. Up until the outbreak of the war between Russia and Germany, a watchful eye had to be kept open to prevent exports going from the Philippines to Shanghai or Japan, destined for transshipment across Siberia into Germany. After this gap had been closed, our efforts were increasingly directed toward preventing shipments to Japan, occupied China, Indochina, and Thailand which might assist or strengthen Japan in her war effort.

In the summer of 1941 control was markedly tightened by greatly extending the lists of exports from the Philippines for which licenses were required so as to include most goods. In addition, licenses were required for most financial transactions covering overseas shipments except to friendly destinations. Except with reference to such countries no payments for exports or imports, no transfer of funds or securities abroad, no banking transactions based upon foreign overseas shipments, were permitted without license. By this means almost unlimited power was exercised over exports; and as the weeks went by, under instructions from Washington, we clamped down tighter and tighter upon commerce with Japan.

The scope of foreign funds control in the Philippines was greatly expanded by the inclusion on July 26, 1941, of China and Japan among the "blocked" countries. The greater part of the retail trade in the Philippines is handled by Chinese and they engage extensively in import and export trade. The Japanese have important business interests in the islands, the most outstanding being the abaca (Manila hemp) plantations of Davao.

Although the Office of the High Commissioner took steps to exempt the small local businesses conducted by Chinese and Japanese from the necessity of making periodic reports of their business transactions, there were a large number of businesses and individuals to whom the freezing regulations were a considerable burden. This was particularly true of Chinese and Japanese, who did not understand English yet were obliged to familiarize themselves with the extremely complicated freezing regulations and to file applications for licenses and make periodic reports in English of their business transactions.

From the standpoint of the economy of the Philippines as a whole, however, the freezing regulations did not constitute a seriously depressing factor. When they were extended to China and Japan, trade and, consequently, financial transactions with these countries constituted but a small part of the whole foreign trade of the Philippines. Such effect as they may have had was obscured by the stimulating results of the strong United States demand for important strategic materials and heavy expenditures by the United States for its armed forces in the Philippines.

CENSUS OF ALIEN PROPERTY

A major task of the High Commissioner's office during the several months preceding the outbreak of war was the taking of a census of alien property in the Philippines. One of the requirements of the foreign funds control regulations was the making of a detailed report of the property holdings of certain classes of aliens in American territory, including the Philippines. This affected many thousands of individuals, mostly Chinese and Japanese, scattered throughout the Philippines. In the outlying Provinces, Commonwealth Government officials did much of the work of distributing forms and explaining the requirements of the law. As these returns were required to be made in English, assistance was secured from the local Chinese and Japanese consulates and from trade and other associations throughout the islands in interpreting and assisting persons who did not know English. Unfortunately, the war broke out just as the property census was being completed and it was therefore impossible to forward the reports to Washington. Nevertheless, the information with respect to Japanese properties so obtained was of great value in the work of supervision over enemy properties after the outbreak of war.

INTERNMENT OF ENEMY ALIENS

On a number of occasions prior to the outbreak of war the High Commissioner had discussed with General Grunert and others the problem of interning enemy aliens and controlling enemy property in the event of war. Particular consideration had been given to the latter problem and communications concerning it had been exchanged with Washington.

Immediately upon the outbreak of war, pursuant to authority received from Washington and in accordance with previous plans and carefully prepared lists, United States military authorities took steps to intern enemy aliens, and place under arrest such as were considered dangerous. In Manila the internees were placed in clubs and other suitable buildings, including the premises of Japanese business concerns, and also in a newly constructed prison compound at Muntinlupa in Rizal Province. They were fed by the military authorities. The internment of enemy aliens being regarded as a military rather than a civil function, the High Commissioner took no part in the internment work other than to keep in touch with what was being done and to assure himself that the treatment accorded to enemy aliens was in every respect humane and in keeping with international usage. Through his Foreign Service officer he kept in touch with the Japanese consul, who assured him that he had no complaint of the treatment accorded to Japanese in Manila.

CONTROL OF ENEMY PROPERTY

Upon the outbreak of war it also became necessary to take immediate steps looking to the supervision of enemy-owned properties. Pending the enactment of legislation on the subject, the staff of the Foreign Funds Control Division of the High Commissioner's Office and certain others who could be made available were assigned to this work. Arrangements were made for the requisitioning by the Civilian Emergency Administration of all foodstuffs found to be enemy property and for the requisitioning by the United States military and naval authorities of all supplies needed by them in enemy-owned stores or other properties. Arrangements and plans were also worked out for taking over and, where advisable, operating enemy-owned factories and businesses; but before these plans could be consummated Manila fell into the hands of the Japanese.

THE DECEMBER DAYS

The December days following the outbreak of war were crowded with activity. The members of the High Commissioner's staff, both American and Filipino, worked day and night under difficult and trying conditions. Their outstanding loyalty and devotion to duty are unforgettable. Their work suffered constant interruption because of air raids and bombings. Throwing themselves wholeheartedly into whatever task or emergency arose, working incessantly through all the daylight hours and doing guard duty on watches through the night, always dependable and faithful and careless of personal safety, they proved themselves through those gruelling days a staff worthy of the best American traditions.

After the outbreak of war, the High Commissioner conferred with naval authorities in the endeavor to find some possible means for evacuating civilians from Manila by sea; but the Japanese from the outset held such mastery of both air and sea that the risk involved in attempting evacuation by sea was considerably greater than that involved in remaining in Manila. Since naval vessels were at the time engaged in intensive naval operations none could be spared for convoy duty for the evacuation of civilians. The naval authorities were therefore firm in refusing to participate in any plan for the evacuation by sea of civilians from Manila.

During the last 10 days of December it became more and more evident that Manila could not hold out much longer. In the latter part of December a radio message from Washington brought word from the President directing and authorizing the High Commissioner to gather and take into his custody gold, valuables, securities, bank assets, and negotiable paper and the like, and, if in his judgment necessary, to destroy these to prevent their falling into enemy hands. In order to carry out this duty the High Commissioner appointed a number of agents to assist in gathering together such valuables and securities, and during the last few days before Manila fell millions of dollars' worth of securities and other valuables were gathered in. These were subsequently taken over to Corregidor and there kept in the High Commissioner's possession. In all this work Commonwealth Government officials gave splendid assistance and cooperation.

Instructions were issued by the High Commissioner to the staff to go through all the office files and to remove therefrom all the secret or confidential documents so that these could be hurriedly burned or destroyed in case of forced flight. This work was carried on during spare moments in daylight hours at times when no bombing raids were in progress.

EVACUATION FROM MANILA

On the morning of December 24, about 9:30 a. m., the High Commissioner received an urgent telephone call from General MacArthur saying that the fall of Manila was imminent and that he desired the High Commissioner and President Quezon to leave the city for Corregidor within 4 hours and to set up at Corregidor a temporary seat of government. He added that President Quezon had already promised to go, that all arrangements had been made and that he himself with his staff would proceed to Corregidor that same evening.

If the collapse of the civil government was to be avoided, no other practicable course seemed open. Accordingly, the High Commissioner agreed to move to Corregidor, gave instructions to Mr. Buss to destroy all papers and files which were confidential or which should not fall into enemy hands, and upon his departure issued the following press release:

In order to add to the security of the government, I am today temporarily transferring my office out of the city of Manila in accordance with General MacArthur's direction and in full agreement with the officials of the Commonwealth Government.

At the same time a portion of my staff will remain in Manila charged with the duty of carrying on the functions of this office and looking after the welfare of all so far as military necessity permits.

We will fight to the last man. We know that our fight is America's fight. America's help is sure. There can be no shadow of a question as to ultimate victory.

General MacArthur informed the High Commissioner that the accommodations at Corregidor were so very limited that he could take with him only nine of his staff, together with Mrs. Sayre and his 15-year old son, Billy. The executive assistant to the High Commissioner, Mr. Claude Buss, requested that he be allowed to remain in Manila to look after the welfare and protection so far as possible of the civilian population of Manila and of the staff who remained. Mr. Buss had before the outbreak of the war been assigned to the task of coordinating and assisting in the work of civilian welfare and defense. The High Commissioner thereupon placed Mr. Buss in charge of the High Commissioner's Office in Manila during the enforced absence of the High Commissioner, authorizing and directing him to take whatever action was necessary to protect and care for the civilian population, to look after the High Commissioner's staff remaining in Manila, and to care for the property and buildings of the Government. Ever since his arrival in Manila, Mr. Buss had proved himself a man of outstanding talents, ability, and loyalty; and particularly under the ordeal of the December days when all lived under constant and terrible strain Mr. Buss displayed the highest qualities of leadership and devotion to duty.

The High Commissioner took with him to Corregidor, in addition to his wife and son, the following skeleton staff: Mr. Evett D. Hester, economic adviser; Mr. Woodbury Willoughby, financial expert; Mrs. Willoughby; Mr. Cabot Coville, Foreign Service officer; Mr. James

J. Saxon, Treasury expert; Mr. Robert Huffcut, economic assistant; Miss Anna Belle Newcomb, private secretary; Mrs. Janet White, clerk-stenographer; and Capt. William J. Priestley, military liaison officer.

The High Commissioner also took with him to Corregidor the following four custodial employees: Carlos Tunay, Pablo Ortiz, Rickie C. Evangelista, and Lee Wong Kitt.

At 1:30 p. m., on the afternoon of December 24, following a Japanese air attack on the port area, the High Commissioner with his wife and son and with the above-mentioned members of his staff met President Quezon at the Admiral's Landing. President Quezon was accompanied by Mrs. Quezon, their three children, Vice President Osmeña, Chief Justice José Abad Santos, Col. Manuel Roxas (former Secretary of Finance), Maj. Gen Basilio J. Valdes, and various members of President Quezon's official and household staff. Both parties proceeded by launch to the steamship *Mayon*, waiting outside the breakwater, and then steamed across Manila Bay to Corregidor, reaching there on Christmas Eve shortly before sundown. Here in Malinta Tunnel they lived for the next 2 months.

ENTRANCE OF JAPANESE TROOPS INTO MANILA

During the first week on Corregidor the High Commissioner was in constant communication with Manila by military telephone, by letter, and by nightly boats. On January 1 the High Commissioner talked for the last time with Mr. Buss, who reported that every member of the staff was well and that the city was quiet. The Japanese were expected to enter on the morrow.

The Japanese entered Manila on the night of January 1-2. Thereafter all communication with Manila ceased.

INTERNMENT OF AMERICANS

From Army Intelligence sources and from Filipinos who managed to cross the lines, it was learned indirectly that after the Japanese entered the city all Americans were ordered to register and to keep off the streets. Those Americans who remained in Manila were, with some exceptions, interned in the buildings of Santo Tomas University, large modern buildings surrounded by spacious grounds on the outskirts of the city of Manila. It was unofficially reported that there had been little trouble in Manila and that in general conditions were as good as could be expected. It was reported that elderly persons and mothers with small children were allowed to remain in their own homes.

Early in January, through private and quite unofficial sources, a list was obtained of the names of over 1,500 Americans reported to be interned at Santo Tomas. Stating that the list was in no sense official or guaranteed to be accurate, the High Commissioner published it after his return to Washington the latter part of March. (See Appendix T in this report.) Early in February the United States Army Intelligence was informed that the total number of internees had then increased to over 3,400.

A message dated May 12, 1942, from the American Minister at Bern to the Secretary of State in Washington reported that the Swiss Legation at Tokyo telegraphed that 36 men and women of the High

Commissioner's staff, including Mr. Buss, were interned at 911 Calle M. H. del Pilar in Manila, and that all were in good health.

MESSAGE FROM PRESIDENT ROOSEVELT

On December 28, 1941, the President sent a message to the people of the Philippine Islands. It was broadcast by short-wave radio direct to Manila where it was rebroadcast and given to the press. The text of the message follows:

The People of the Philippines:

News of your gallant struggle against the Japanese aggressor has elicited the profound admiration of every American. As President of the United States, I know that I speak for all our people on this solemn occasion.

The resources of the United States, of the British Empire, of the Netherlands East Indies, and of the Chinese Republic have been dedicated by their people to the utter and complete defeat of the Japanese war lords. In this great struggle of the Pacific the loyal Americans of the Philippine Islands are called upon to play a crucial role.

They have played, and they are playing tonight, their part with the greatest gallantry.

As President I wish to express to them my feeling of sincere admiration for the fight they are now making.

The people of the United States will never forget what the people of the Philippine Islands are doing this day and will do in the days to come. I give to the people of the Philippines my solemn pledge that their freedom will be redeemed and their independence established and protected. The entire resources, in men and in material, of the United States stand behind that pledge.

It is not for me or for the people of this country to tell you where your duty lies. We are engaged in a great and common cause. I count on every Philippine man, woman, and child to do his duty. We will do ours.

PRESIDENT QUEZON'S SECOND INAUGURATION

The end of December 1941 witnessed an impressive ceremony. Close to the entrance of Malinta Tunnel into which all could withdraw in case of bombing attack, before a small group of Filipinos and Americans, President Quezon and Vice President Osmena, on December 30, 1941, were inaugurated for their second terms of office, Secretary Santos administering the oath. President Quezon delivered a short inaugural address, followed by brief addresses by the High Commissioner and by General MacArthur. (The High Commissioner's address is attached hereto as appendix F.) The High Commissioner concluded with a special message from President Roosevelt. Seldom, if ever, has an inauguration taken place under such dramatic and impressive conditions.

SAFEKEEPING OF GOLD AND SECURITIES

During the 2 months spent on Corregidor constant radio communication was maintained with Washington. One of the major tasks which occupied the time of the High Commissioner's staff was the custody and careful inventorying of the valuables, currency, and securities which had been gathered together in Manila before the capture of the city and brought to Corregidor. This work was placed under the charge of Mr. Woodbury Willoughby, who with other members of the staff worked long hours under difficult and dangerous conditions, often under shellfire. Their accomplishment was outstanding, and all interested in these securities owe a debt of gratitude to him and to them. A more detailed description of this work is given in part III of this report.

EVACUATION FROM CORREGIDOR OF PRESIDENT QUEZON AND OF THE
HIGH COMMISSIONER AND HIS STAFF

About a week after their arrival at Corregidor General MacArthur called the High Commissioner and President Quezon into conference. The General stated that he had received a message from the President of the United States suggesting that if it could be accomplished with a reasonable degree of safety, President Roosevelt would be glad to have President Quezon and his family evacuated to the United States. President Quezon, after careful consideration, informed General MacArthur and the High Commissioner that he would be glad to follow whatever course of action President Roosevelt desired; but since, due to war conditions and to the state of President Quezon's health it seemed doubtful whether an evacuation could be effected with safety, no steps toward evacuation were taken at that time.

On or about the 10th of February, General MacArthur received a message from President Roosevelt again suggesting President Quezon's evacuation. President Roosevelt stated that President Quezon and his Cabinet would be honored and welcomed in the United States, if evacuation seemed reasonably safe. The President also stated that evacuation plans should include the High Commissioner, his family and that of General MacArthur, provided the General considered it advisable.

On February 11, 1942, the High Commissioner, in acknowledging the President's message relative to his evacuation, requested that if opportunity offered he be allowed to evacuate those of his staff on Corregidor with himself.

In a personal message to the High Commissioner, dated February 12, 1942, President Roosevelt said (paraphrased): "If conditions make it possible and there are sufficient accommodations you should evacuate your staff with you and your family."

President Quezon's health was so visibly sinking under the hardships and difficult living conditions of tunnel life that he decided to go if possible to one of the southern islands, such as Negros, and there await developments, perhaps accepting at a later date President Roosevelt's invitation to come to the United States. Accordingly, President Quezon, accompanied by his wife and three children and by Vice President Osmeña, Chief Justice Santos, General Valdes, and other members of his staff, left Corregidor by submarine on the night of February 20. A surface vessel preceded him carrying the balance of his staff and baggage. The party reached one of the southern islands early on the morning of February 22. The submarine then returned to Corregidor for the High Commissioner and his party.

Colonel Roxas remained for a time at Corregidor to act as the representative of the Commonwealth Government there.

The High Commissioner left Corregidor by submarine at 3 a. m. on the morning of February 24. With him, he took Mrs. Sayre and his son, Billy, and the following members of his staff: Mr. Evett D. Hester, economic adviser; Mr. Woodbury Willoughby, financial expert; Mrs. Woodbury Willoughby; Mr. Cabot Coville, Foreign Service officer; Mr. James J. Saxon, Treasury expert; Miss Anna Belle Newcomb, private secretary; and Mrs. Janet White, clerk-stenographer.

Before leaving Manila, Lt. Comdr. T. C. Parker, Naval Aide to the High Commissioner, had been released so that he might engage in active

service and was assigned to the staff of Rear Admiral Frank Rockwell, commandant of the sixteenth naval district. Maj. Cyril Marron and Capt. William J. Priestley, military liaison officers to the High Commissioner, had each been released at Corregidor by the High Commissioner so that they could take their places as they desired among the combat troops at the front. All three of these were outstanding officers and upon their loyal and splendid service the High Commissioner had leaned heavily. Lieutenant Commander Parker was sent to Australia in May and, subsequently, to the United States. The last word heard of Major Marron and Captain Priestley was that each was fighting at the front in Bataan. Since the fall of Bataan it has been impossible to obtain news of either of them.

Mr. Robert Huffcut was invited by the High Commissioner to accompany him to the United States, but Mr. Huffcut, competent, dependable, loyal, and unselfish as ever, asked to be allowed instead to enter the armed forces and remain at Corregidor. The High Commissioner recommended him for a United States Army commission as second lieutenant, and the last word of him was of heroic work in the Army at Corregidor. No word of him has come since the fall of Corregidor.

The High Commissioner with his party proceeded south by submarine some 3,000 miles through the Sulu and Celebes Seas, through Macassar Strait, through the Netherlands East Indies barrier at Sape Strait and on south off the western coast of Australia to Perth. The High Commissioner and his party desire in this public way to express their deep and abiding appreciation to the captain, officers, and crew of the submarine for their unfailing kindness, forbearance, and constant care during the perilous 13-day trip. Unforgettable was their quiet, unassuming heroism and cheerful courage in the face of most difficult living conditions and ever-present danger.

Landfall was at dawn on March 9 in the harbor of Fremantle. As the fog lifted the sun broke out and shone on a sandy shore lined with pine trees. Rear Admiral Glassford met the High Commissioner and his party and took them to Perth.

From there the High Commissioner returned by Navy bomber to the United States, flying from Perth to Adelaide, Melbourne, and Sydney and thence via the Fiji Islands to Honolulu. He reached Honolulu on March 16 and San Francisco on March 18, from where he traveled by train to Washington, arriving on the morning of March 23. The other members of the party returned to the United States by naval transport, reaching San Francisco early in April.

President Quezon and his family, together with Vice President Osmeña and members of his staff, flew by bomber in April from northern Mindanao to Australia, and from there proceeded by naval transport to San Francisco, where they arrived on May 8. The party crossed the continent by train and reached Washington on May 13. Included in President Quezon's party were his wife and three children, Vice President Sergio Osmeña, Maj. Gen. Basilio J. Valdes, Secretary of National Defense for the Commonwealth, Col. Andres Soriano, Secretary of Finance for the Commonwealth, and Col. Manuel Nieto, aide to President Quezon.

WORK IN WASHINGTON

During the months of April, May, and June, the High Commissioner and his staff, with offices in the new Department of the Interior building, were at work on the problem of how to get relief to the civilian population interned in the Philippines. Frequent conferences were held with representatives of the Department of State, the American Red Cross, the Provost Marshal General, and others in the effort to find ways and means (a) of establishing communication with internees in the Philippines and securing actual knowledge of their needs and the conditions under which they are living, (b) of sending a relief ship to Manila carrying food, medicines, and needed supplies, and (c) of arranging through exchange or otherwise for the evacuation of civilians, particularly of sick people and of women and children. Due to the refusal of the Japanese Government up to the end of the period under review to agree to the appointment of a representative of the International Red Cross in Manila, to a safe conduct for a relief ship sailing from the United States to Manila or to an exchange of prisoners embracing the repatriation of Americans from captured American territory, it proved impossible up to the end of the fiscal year to achieve any one of these three objectives.

The High Commissioner, immediately upon his arrival in the United States, was flooded with hundreds of telegrams and letters inquiring as to the welfare of relatives and friends in the Philippines. These inquiries kept pouring in in such quantities that upon the arrival of his staff members from Corregidor, a "Welfare Section" was organized under Mr. Hester to answer inquiries, to keep in touch with those having Philippine connections, and to do everything possible to help those in this country needing help and dependent upon incomes from Manila. Valuable assistance in welfare work was rendered by Mrs. Janet White, Mrs. Leila M. Pool (Division of Territories and Island Possessions, United States Department of the Interior), and Miss Anna Belle Newcomb. The advice and help of the Special Division of the State Department, the Provost Marshal General's office and the National Headquarters of the Red Cross are also acknowledged.

THE FALL OF BATAAN AND CORREGIDOR

The gallant defense of Bataan and Corregidor could not last indefinitely without reinforcements of men, ammunition, and supplies, and these it proved impossible to get to Corregidor. Worn down by exhaustion, malaria, food shortage, and lack of supplies, our soldiers were compelled to surrender Bataan to the superior forces of the enemy on April 9. With the fall of Bataan the fate of Corregidor was sealed. Corregidor was compelled to surrender on May 6.

The defense of Bataan and Corregidor will go down in history as one of the great and heroic chapters of human courage and endurance. The story of those who died there will never be forgotten.

Amid tremendous memories that which will outlive them all is of the steadfast loyalty to America of the rank and file of Filipinos, both civilians and soldiers. After 40 years of colonial administration, the acid test came when Japanese troops, sweeping down from the north with superior numbers and equipment, sought to win the Filipinos over and force them to renounce friendship for America. The Filipinos stood firm. Their gallant defense alongside the Americans of

Bataan and Corregidor and the unwavering loyalty of the great rank and file of peasants, townspeople, and soldiers are a high tribute to the Filipino people and to the kind of colonial administration which America has tried to give them during the past 40 years.

RESIGNATION OF THE HIGH COMMISSIONER

Upon his arrival in Washington on March 23, 1942, the High Commissioner handed to the President the following letter:

MY DEAR MR. PRESIDENT: In view of the present military situation which has caused the work of the High Commissioner's Office in the Philippines to be largely supplanted by military activity I should like to tender my resignation to take effect at your pleasure. I shall never lose my deep interest in the Filipinos nor my hope that our country may lead them wisely to the independence which we have promised them. But I am sure you will understand my desire in view of present circumstances to serve our country in a more pressing and active work.

With appreciation for the confidence which you have shown in me, believe me,
Ever sincerely yours,

FRANCIS B. SAYRE.

The President on June 30, 1942, wrote to Mr. Sayre the following letter:

DEAR FRANK: In accepting your resignation as the United States High Commissioner to the Philippine Islands, effective as of today, I am complying with your urgent request which I have had before me for several weeks.

Your release from this post is merely a commutation since we have a mutual understanding that you are available for any call that is made on you in the war effort.

It is unnecessary for me to tell you of my appreciation for the fine and loyal service you have rendered.

I do want to see you just as soon as the pressure on me eases up a bit.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Upon July 2, the day when he received the President's reply, Mr. Sayre issued the following press release:

I am resigning from the office of United States High Commissioner to the Philippines with a sense of regret for I shall always have a deep interest in the Filipino people and in their struggle for independence. I shall always feel grateful for having had a small share in America's effort during over 40 years to impart to the Filipinos the great conceptions and ideals of liberty and democracy. It is only a question of time until Japanese aggressors will be driven out of the Philippines. As we look forward I hope that as a result of American and Filipino effort democracy and liberty have gained a foothold in Asia that will never be lost.

THE TASK OF REHABILITATION AFTER THE WAR

The Philippines will be faced with difficult problems of rehabilitation when the islands are reoccupied. It is not possible to anticipate in detail the situation which will be found at that time, but it may be confidently concluded that deterioration particularly of economic conditions will be extreme and that it will be necessary to turn every energy toward the reestablishment of normal social, economic, and financial conditions.

The chief effect of the war upon the agricultural output of the Philippines will presumably be the sharp reduction of the sugar crop, which will in all probability have been reduced to approximately local requirements. Inasmuch as sugar was the industry most reliant upon artificial protection in the American market and the one which recent Federal legislation has particularly sought to adjust to a position independent of trade preferences in the United States, it

may be found undesirable to reestablish in full the former volume of production for export to the United States. In all probability most gold and copper mines will have been flooded and their reconstruction will require financing in amounts which cannot be covered by treasury reserves of many of the companies. Lumber and logging concessions and the offshore fisheries presumably will be found practically abandoned. For the fisheries, it will be necessary to supply vessels and train personnel in order rapidly to bring the catch to normal market requirements. General import and export connections with the United States will have been disorganized or dissolved. Stocks of goods, including foodstuffs, will be sadly depleted or non-existent.

At the time of reoccupation serious and difficult questions must also be faced with regard to banks and to the local currency situation. Fortunately, however, the Commonwealth Treasury will have a relatively large amount of funds which are now on deposit in the United States, including ample reserves upon which to base a new currency system.

Conditions of law and order may be found to demand extensive policing of cities, villages, and the countryside. There may be serious social unrest and aggravation of criminal activities. The apprehension of criminals and the quieting of disorders will be costly.

Whatever the outcome of the independence program, a considerable volume of legislation either by the United States, by the Commonwealth Government, or by both, will have to be framed and enacted. This will presumably include such measures as a new currency law; an act prescribing the conditions under which banks operating prior to Japanese occupation are to reopen; a war damage assessment and compensation law; a measure to provide public loans for reestablishment of industrial and agricultural enterprises; an act for a Treasury operation loan; an act for a public-works reconstruction loan; and a special act for the immediate support of schools and health services.

The rehabilitation of the Philippines will not be an easy task. In meeting it the American people will want to give in the most constructive form possible their aid and assistance to the Filipino people, because of the fact that American effort in the Philippines for the past 40 years is at stake, because of the brave loyalty of the Filipino people to America in the present crisis, and because of the international importance of building for future stability in the Pacific.

II. MILITARY AND NAVAL ACTIVITIES AND CIVILIAN DEFENSE

MILITARY DEVELOPMENTS

As relations with Japan became increasingly tense, the tempo of military preparations in the Philippines was stepped up. Maj. Gen. George Grunert, in command of the Philippine Department, kept pressing Washington for additional personnel, ammunition, and equipment and pushing the work of preparing, strengthening, and reorganizing the defense of the islands. On July 26, 1941 (July 27, Manila date), President Roosevelt ordered the incorporation of the Philippine armed forces in the United States Army and appointed Gen. Douglas MacArthur as commander of the United States Army

forces in the Far East. Shortly after General MacArthur received this appointment his headquarters issued the following statement:

The general plan for the integration of all the armed forces in the Philippines has been formulated by General MacArthur. It envisions a progressive incorporation of the reserve divisions of the Philippine Army into the service of the United States. It comprehends eventually all elements of the Philippine Army, but until an actual outbreak of hostilities will not include these echelons which are engaged in the normal yearly training activities. This will enable the Philippine Army to continue its uniform development in accordance with the national defense program of the Commonwealth and at the same time muster for prompt American Army training and service the other components of the Commonwealth's forces. The constabulary will not be taken over with the exception of certain selected elements.

The plan envisions an immediate construction program at strategic localities to house the thousands of reservists involved as well as the intensive development of new air fields for the rapidly expanding air forces. All Philippine elements which come under American control will maintain their national integrity. They will retain their own uniforms, their own scale of pay, their own promotion list, their own ration, and their own code of military law. Their training, however, will be under the immediate direction of the officers of the American Army. On muster into the American service they will be paid and supplied from American sources. The class of trainees whose induction was suspended in July is expected to be called in January, from which time the normal course of Philippine Army training will continue, barring contingencies.

The plan is a most comprehensive and complete one and will go into effect immediately. Its details involve military information which cannot be made public and the press has been requested not to reveal numbers, localities, and other data involving military secrecy. However, information on general progress will be reported together with all details which are not regarded as confidential.

The program has been heartily endorsed by President Quezon and is expected to effectuate in a most comprehensive manner the purposes underlying President Roosevelt's proclamation.

Steps were taken immediately to call into service reservists and to train them, as well as Philippine troops on active service, as rapidly as possible. On August 2 an order was issued calling to duty 1 regiment of reservists from each of the 10 military districts plus the personnel of the training cadres from the remaining units of 1 division in each of the 10 military districts. On August 15, following a brief ceremony, the Philippine Army Air Corps, involving 6 squadrons and some 500 officers and men, was incorporated into the American forces. Reservists not included in the first call were subsequently called up as fast as quarters and training facilities were ready and by December 1941 most qualified reservists had been inducted into the United States Army. Considerable reinforcements, both men and material, were received from the United States and military installations in the islands were improved. Notable increases were made in the air force and ground aviation facilities.

The calling into the service of the armed forces of the United States of the Commonwealth government military forces necessitated the assumption by the United States of expenses previously borne by the Commonwealth. At the same time, the expenses of our military establishment in the Philippines were being augmented by the increased number of American troops in the islands. To finance the calling of Philippine troops into the service of the United States armed forces and to maintain them until regular appropriations had been made, the President of the United States advanced \$15,000,000 from his emergency fund.¹ In December 1941² Congress appro-

¹ Hearings before the subcommittee of the Committee on Appropriations of the House of Representatives, 77th Cong., 1st sess., on third supplemental national defense appropriation bill for 1942 (H. R. 6159), pt. 2, pp. 47 and 53.

² Public Law 353, 77th Cong., ch. 591, 1st sess.

priated \$269,000,000 "for all expenses necessary for the mobilization, operation, and maintenance of the Army of the Philippines, including expenses connected with calling into the service of the armed forces of the United States the organized military forces of the Government of the Commonwealth of the Philippines * * * of which not to exceed \$15,000,000 may be restored to the Emergency Fund for the President * * * in reimbursement of a like amount advanced therefrom * * *." This appropriation was to remain available until June 30, 1943.

Hostilities in the Philippines were opened with bombing attacks by Japanese planes at Malalag in Davao Gulf shortly after daybreak on December 8 (Manila time). On the same morning attacks were made upon airfields in northern Luzon—Iba, Clark, and Tuguegarao—and many planes were destroyed on the ground. Shortly thereafter heavy bombing attacks were made on airfields near Manila, especially Nichols Field, and were repeated frequently as long as these fields were used by our Air Force.

Japanese troops were reported to have landed in northern Luzon near Aparri and Vigan on December 10 and at the southern tip of the island near Legaspi on the following day. These troops advanced toward Manila and were assisted by additional troops landed several days later on the northwest part of Luzon and on the east coast, southeast of Manila, at Antimonan and Mauban. Japanese troops also were landed near Davao in southern Mindanao. The Japanese troops which landed near Legaspi pushed north, meeting little opposition, and soon made contact with the troops landed at Antimonan. No large concentrations of United States troops were sent against Japanese forces landed at the extremities of Luzon presumably because of the danger that they might be cut off and surrounded by Japanese troops landed nearer Manila. It is believed that the Japanese were able to use airfields in occupied areas of Luzon early in the Philippine campaign.

United States troops, which were concentrated in the central part of Luzon, first engaged the enemy on a large scale north of Manila near Lingayen Gulf where the heaviest attack by the enemy developed. After some initial successes our troops, being without control of the air, were obliged to fall back toward Manila. Simultaneously, United States forces south of Manila retired northward, ultimately meeting our northern forces near San Fernando, Pampanga, and withdrawing to Bataan. Bataan Peninsula had long before been prepared and stocked with supplies for a last stand. Maneuvers leading to the joining of the northern and southern forces and their retreat to Bataan were completed in good order and the most essential equipment is believed to have safely reached the peninsula.

Beginning December 9, the Manila area was bombed frequently until several days after Christmas. Most of the bombing was done by daylight and was directed at Nichols Field (United States Army airfield), though considerable damage was done to nearby residential property. On December 10, the naval base at Cavite was bombed and the industrial establishment there almost wholly destroyed. On several occasions the port area and ships in the harbor were bombed and after Christmas bombs were dropped in the congested Walled City near the quays of the Pasig River, which flows through the center of Manila. The Commonwealth Treasury was struck and

other properties damaged or destroyed. The last bombings occurred after Manila had been declared an open city and evacuated by United States troops.

During January our forces on Bataan sustained heavy attacks and at one time were obliged to fall back a considerable distance in order to shorten their lines. For the most part, however, Japanese attacks were repulsed and heavy losses were inflicted upon the enemy. The Japanese had undisputed control of the air, our few pursuit planes being conserved chiefly for essential reconnaissance and other highly important tasks. Antiaircraft guns, especially on Corregidor, were reported to be unusually effective in destroying enemy planes.

A heroic and memorable defense by our forces on Bataan against repeated attacks by fresh Japanese troops supported by airplanes continued throughout February and March. It was not until April 9, after our troops had become greatly weakened by casualties, disease, undernourishment, and fatigue, that the Japanese were finally able to break through our lines and force the capitulation of Bataan. The island forts at the entrance of Manila Bay, that is, Fort Mills (Corregidor), Fort Hughes, Fort Frank, and Fort Drum, held out nearly a month longer against a vicious cross fire of artillery from both shores and bombardment from the air and finally capitulated on May 6, ending effective resistance in the Philippines.

Reports from islands of the Philippines other than Luzon have been very meager. Enemy troops were landed near Davao soon after the war began. It is known that they were engaged by advance elements of our One-hundred and First Division, but were successful in taking the city in a short time. Iloilo City is reported to have been bombed on December 18, but no landing in force appears to have been made on the island until April 10. The city of Cebu is reported to have been bombed several days after the war began but was not subjected to determined attack until April when it was captured by the enemy. Previously, on January 2, Japanese troops had made a successful landing at Jolo and on March 3 at Zamboanga. On March 7, Japanese troops are reported to have landed on Mindanao Island and on March 24 at Romblon. Enemy forces landed on Panay Island at Iloilo and Capiz on April 16 and at San Jose de Buenavista on April 20.

NAVAL ACTIVITIES

The following brief statement of United States naval activities in the Philippines leading up to the outbreak of the war in December is arranged chronologically by months.

July 1941.—Early in the month the commander in chief of the Asiatic Fleet moved his command post from the flagship *Houston*, to rented space in the Marsman Building on the Manila waterfront. The commander in chief's move from shipboard to a shore command post gave him greater freedom in the use of radio communications for purpose of strategic command of separated forces and also greatly improved the possibilities of cooperation with prospective allies. In addition, the location in Manila facilitated conferences with the United States High Commissioner and with the United States Army.

The Asiatic Fleet had for some time been mostly in the southern part of the Philippine Islands. From July 5 onward, this became the fleet's established practice and its seagoing ships were, as a rule, in Manila Bay only for brief periods in order to replenish supplies.

Ships needing longer periods at Cavite for maintenance and repairs visited that establishment, or the one at Olongapo, as necessary to accomplish same; but the effort was to keep the number so engaged at a minimum.

During the latter part of July the Army and the Navy began laying mines for denying the entrance to Manila and Subic Bays. Subic Bay had been a "closed harbor" for many years and this step closed it physically except for one narrow entrance which small Navy ships only could use. The mine fields at the entrance to Manila Bay were, however, so laid that all shipping could continue their navigation of the entrance but only under naval supervision. Such supervision, and patrol off the mine fields to keep shipping from being blown up, consumed much effort on the part of the small ships of the Asiatic Fleet over a long period. Concurrently with the mining, Olongapo was abandoned as far as the industrial establishment was concerned, and the drydock, *Dewey*, was moved to Mariveles where it continued to operate with its usual personnel transplanted from Olongapo. The Navy continued to exercise jurisdiction over the large Navy reservation at Olongapo and its 11,000 inhabitants.

The Federal Government arranged during the period to put into service four Danish freighters which had been laid up in the Philippines for over a year; they were put into operation under the management of the American President Lines.

August 1941.—During this period the work of establishing the Navy section base at Mariveles began progressing at a higher rate. Such was also the case with important underground naval projects on Corregidor. The contractor for the rather extensive naval air base on Sangley Point also began to show more rapid progress (this work, however, was still so incomplete that the new base could not be used when the war began). The Navy's industrial establishment in the Philippines had by this time worked up to the full capacity of the plant and was employing more men than ever before.

September 1941.—The Navy Department began sending cruiser escorts with Army transport and certain important merchant ships on their voyages between Hawaii and Manila. The Asiatic Fleet was locally quite active toward keeping all fuel tankage, including that which was commercially owned, as full as possible. This particularly applied to the tankage around Manila Bay. The fleet received reinforcement of six motor torpedo boats during the month.

October 1941.—During the month there were in or near Manila Bay larger detachments of the fleet than had obtained during the preceding 3 months. This was to carry out certain gunnery exercises for which facilities could not be provided near the southern island ports and also to make up some arrears of maintenance and in the replenishment and distribution of munitions and supplies. During the month the fleet's air patrols, particularly over western Luzon waters, were thickened considerably. The Navy patrol planes, which for a long time had been employed extensively in "neutrality patrols," had by this time largely discontinued that particular form of activity and were devoting their efforts primarily toward reconnaissance, which was for information purposes, with the Japanese mainly in mind.

November 1941.—During the month the fleet received an important reinforcement in 12 large submarines and a high-capacity submarine tender (*Holland*), whose services were badly needed. Rear Admiral F. W. Rockwell arrived at Cavite on November 6 to relieve Rear

Admiral Harold M. Bemis as commandant of the Sixteenth Naval District. Owing to ill health Admiral Bemis was obliged to return to the United States. On November 8 authority was received to withdraw the Navy gunboats and the Marines from China. The two battalions of the Fourth Marines were withdrawn from Shanghai and were landed at Olongapo late in the month. The 200 Marine and Navy personnel in north China were not gotten out because time did not suffice before hostilities began. At the end of the month the only three gunboats which could possibly make the voyage from China to Manila were en route to that point. Early in the month the removal of explosives from the very dangerous magazines at Cavite was taken in hand and a great mass of it, with other inflammables, was out by the end of the month. It was necessary to store most of this material in open dumps on the beach a few miles from Cavite. Most of the Navy's gasoline supply, including a large quantity of aviation gasoline, was in drums of which there were several thousand. Those drums were rather widely dispersed at various points in central Luzon but it was necessary to retain a considerable supply on Sangley Point. On November 24 the commander in chief of the Asiatic Fleet directed a movement of his forces which disposed all cruisers, most of the destroyers, and some of the auxiliaries to the southward and in various ports, including Balikpapan and Tarakan.

December 1941.—During the first week of the month units of the fleet still present in Luzon waters were kept widely dispersed and preparations, particularly as regards dispatching the remainder of the auxiliaries to the southward, were pressed. Information of the Japanese attack on Pearl Harbor was received at 3 a. m. on December 8 (actually only a few minutes after the attack on Pearl Harbor began). Such information was transmitted to all concerned with directives as regards the Asiatic Fleet. The first attack on the Philippines was at Malalag in Davao Gulf, at early daybreak that morning. The attack was upon a small patrol plane unit: The tender and two of the planes escaped from the attack which came in with considerable power, both in the planes and in surface ships, but two of the patrol planes were lost. The submarines, which constituted the most powerful arm of the Asiatic Fleet, sailed for their assigned initial deployment stations during December 8. Some of the remaining fleet auxiliaries sailed for the south that same night under proper escort. The industrial establishment, Cavite, was almost wholly destroyed by Japanese planes which attacked with bombs from high altitude at about noon on December 10. It was by then quite evident that the Japanese had control of the air over northern and central Luzon and the adjacent waters. By this time Manila Bay had become very full of merchant ships, many of which were strangers to the port. Their masters and agents were advised that all such ships would eventually be destroyed or captured if they remained in the bay and were advised to escape to the southward, sailing immediately after dark, as soon as possible. The remaining auxiliaries and certain small craft of the fleet which the commander in chief of the Asiatic Fleet decided could be spared, sailed that same night as did certain of the merchant ships. Eventually most of them departed and all but one, which was burned by one Japanese plane, succeeded in reaching ports on the Malay Barrier, from which they were given further directions. The fleet's surface ships covered these movements in part but they were made without assembling into convoys with regular escort.

On December 15, following a movement out of Luzon by all of the Army's long-range planes, the fleet's patrol wing withdrew from the Philippines and went south for further operations, with all its tenders and the remaining planes. Concurrently the commander in chief of the Asiatic Fleet was dispatching a considerable portion of his staff to Java because they were there required to handle the considerable portion of the fleet which was in or nearing those waters. On December 19 Sangley Point was in turn ruined by another unopposed bomb attack and the dangers to ships, even including submarines in Manila Bay, had become rather high. By this time all attempts to use the facilities of Cavite, Sangley Point, etc., had been practically abandoned and the fleet's local elements were all in or proceeding to Mariveles and Corregidor.

On December 24, Admiral Hart was informed that the United States High Commissioner, the Philippine Commonwealth Government, and the general headquarters of the United States armed forces in the Far East were moving to Corregidor that day, after which Manila was to be declared an open city. The fleet immediately proceeded to abandon the Manila harbor water front which was being used by the one remaining submarine tender in servicing submarines, etc. Admiral Hart turned the command of all naval units remaining in the Philippines, including the Fourth Marine Regiment, over to Rear Admiral Rockwell on December 25. Admiral Hart left Manila Bay early the following morning.

CIVILIAN WELFARE AND DEFENSE

For more than a year preceding the war the High Commissioner's office was doing everything possible to push and stimulate the work of civilian welfare and defense. (See Fifth Annual Report of United States High Commissioner, pp. 12-16.)

Under the provisions of the Philippine Independence Act of 1934 general jurisdiction over matters pertaining to civilian welfare was vested in the Commonwealth Government; and recognizing that, as he stated to the Philippine National Assembly, the duty of safeguarding inhabitants against hunger, pestilence, lawlessness, and other dangers which the nature of modern warfare entails rested with the Government of the Commonwealth, President Quezon had established on April 1, 1941, the Civilian Emergency Administration to carry out the work of civilian welfare and defense. As was understood and agreed between President Quezon, General MacArthur, and the High Commissioner, the Civilian Emergency Administration was constituted and operated under the immediate control of the President of the Commonwealth and was the direct responsibility of the Commonwealth Government, functioning, however, under the observation and with the assistance of the United States military authorities and of the High Commissioner's Office.

The High Commissioner's Office kept in constant touch with the Commonwealth authorities in the work of civilian defense. Conferences were held from time to time by the High Commissioner with President Quezon and with Secretary Teofilo Sison, who was appointed on July 12, 1941, the head of the Civilian Emergency Administration under the Commonwealth Government; and Colonel Carswell, the High Commissioner's senior military liaison officer, and later

Major Marron, who succeeded Colonel Carswell, were in constant attendance upon the meetings of the C. E. A., stimulating and assisting in the work wherever possible and devoting to it the major part of their time. At the same time Mr. Claude Buss, Executive Assistant to the High Commissioner, was working with the Philippine Red Cross and other groups engaged in civilian defense work.

On September 7 the High Commissioner sent Major Marron to British Malaya and the Netherlands East Indies to observe and report back to him on the civilian welfare activities in those places. As a result of this trip Major Marron after his return prepared an excellent report, copies of which were given to President Quezon and to General MacArthur. (See appendix N). This report helped to give new impetus and direction to the work of the C. E. A. (For a copy of the report which the National Emergency Commission issued with respect to Major Marron's report, see Appendix O.)

In addition to the C. E. A. other groups were also at work, acting in cooperation with the C. E. A., on problems of civilian welfare and defense. The Philippine Red Cross entered into extensive plans and preparations directed particularly to general instruction in first-aid work and to the evacuation of civilians from danger zones in Manila to districts prepared to receive them. An American Committee, and committees for other national groups, also actively participated in preparations for civilian defense work. The High Commissioner and members of his staff held constant meetings with these various groups seeking to assist and coordinate the work wherever possible.

The low-lying character of most of the areas in and around Manila made the building of underground bomb-proof shelters generally impracticable. There was not a sufficient quantity of gas masks for general civilian use. Evacuation problems were rendered exceedingly difficult by the impossibility of knowing from which direction the enemy would come. For instance, immediately prior to the outbreak of the war, Baguio had been chosen as one of the evacuation centers; yet Baguio was bombed the first day of the war. Similarly, Pagsanjan, which had been chosen by the Red Cross as an important evacuation center, later proved to be in the line of enemy advance from the southeast. The result was inescapable uncertainty and considerable confusion on the part of the general public.

Nevertheless, the work of civilian defense was constantly carried on and pushed forward. Practice black-outs were instituted, the first one being held in the Manila area on July 10. Air-raid alarm systems were set up and air-raid warning services were organized. Rehearsal evacuations were carried out. Men and women were enrolled for emergency services. Volunteer guards were organized. Neighborhood district meetings were held to plan and prepare for emergency needs. First-aid stations were set up and hospital units organized. Large-scale evacuation transport and care were planned and prepared for. Special lists were tabulated of Americans and others qualified for particular work; and the preparation of a census of food and other necessary supplies was undertaken.

This work of preparation and planning stood in good stead when war finally came. Large numbers of civilians were evacuated from the more dangerous zones of Manila. During the time that Manila was being bombed, civilian welfare work was intensified and much suffering thereby avoided. Particularly active among the unofficial

groups was the American committee, of which Mr. Fred Stevens was chairman and Mr. Stanley Turner, executive secretary. This committee, in close cooperation with the High Commissioner's Office, worked incessantly, between and during bombing raids, for the welfare and protection of Americans living in Manila. Efforts were directed toward insuring adequate food supplies for the coming months, making preparations for emergency first aid and hospitalization cases, organizing volunteer groups for special services, and the like.

During the bombing it was constantly feared that the Japanese would bomb nonmilitary areas, such as the Tondo district or the Walled City, where the overcrowded, flimsy buildings and the lack of sufficient air-raid shelters would have resulted in indescribable tragedy had a heavy attack been directed against them. Fortunately, in the main the Japanese directed their bombing attacks against military objectives, such as Nichols Field and the port area; and the purely civilian nonmilitary parts of the city suffered no wholesale destruction.

Further civilian suffering and destruction of civilian properties were avoided by declaring Manila an open city. When it became evident that it would be impossible to prevent Manila falling into the hands of the Japanese attacking forces, then approaching from both the north and the south, in order to spare needless civilian suffering and loss of life, General MacArthur declared Manila an open city and announced that all military and naval forces had been removed therefrom and that it therefore no longer constituted a military objective. Although the Japanese did some bombing after this declaration, on the whole the plan was successful and Manila was spared the atrocities and destruction which often accompany the desperate last-stand resistance and street fighting during the capture of a capital city. According to reports the Japanese entry into Manila was without wholesale loss of life.

III. OFFICE OF THE HIGH COMMISSIONER

The last half of 1941 witnessed a substantial expansion of the functions of the Office of the High Commissioner. As a result of the growing emergency and, subsequently, of war conditions, the nature of the work changed radically from what it had been in previous years. Even before the war broke out, the major part of the time of the High Commissioner and many of his staff was devoted to work connected directly or indirectly with the emergency. The financial expert and the economic adviser, whose functions normally are those of senior advisers with respect to policies falling within their spheres of interest, came more and more to function as heads of expanded divisions, supervising programs such as Foreign Funds Control, and Export Control, involving relatively heavy administrative responsibilities. The United States Army liaison officers detailed to the staff of the High Commissioner devoted their time largely to matters connected with civilian defense and similar changes occurred in the functions of other senior officers of the High Commissioner's staff.

An important part of the work of the office was concerned with economic controls, notably foreign funds control and export control. The former, which had been instituted by the United States in 1940, chiefly to protect the interests of nationals of countries invaded by Germany and to prevent Germany from disposing of quick assets

looted from occupied regions, had been vastly extended in scope and toward the end of 1941 was used as an aggressive weapon of economic warfare to prevent, wherever possible, transactions advantageous to Axis powers and correspondingly disadvantageous to the United States and friendly powers. Similarly, export control, which originally had been instituted in a limited degree for the purpose of enforcing the neutrality laws of the United States, had, by the latter part of 1941, become a comprehensive system of direct control of exports for the purpose of conserving supplies of strategic materials as well as preventing them from reaching unfriendly countries.

The two programs were closely coordinated with each other and with similar programs administered by nearby British and Netherlands authorities. The Office of the High Commissioner exchanged information freely and maintained an effective liaison with other governmental authorities which concerned themselves with the activities of nationals of unfriendly powers and others whose activities were harmful to the interests of the United States.

In the Philippines, foreign-funds control and export control were increasingly directed toward preventing financial transactions and shipments to Japan, occupied China, Indochina, and Thailand which might assist or strengthen Japan in her war effort. Immediately upon the extension of export control to the Philippines, export of strategic materials needed by the United States, such as high-grade chrome and manganese ores, copper and cordage grades of abaca, were shut off entirely. A quota was placed upon exports of iron ore. As the situation became more critical in the summer of 1941 the number of articles subject to export control was greatly expanded and exports to Japan and Japanese-controlled territory restricted. As exports were curtailed, the number of ships plying between Philippine and Japanese ports was reduced until only an occasional Japanese ship stopped in the Philippines to take on Japanese passengers, waste-grade abaca, and small quantities of other goods of little importance. Ships were also sent to get iron ore within the limits of the quota for export to Japan.

FOREIGN FUNDS CONTROL

In the Fourth and Fifth Reports of the High Commissioner the initiation of foreign-funds control in the Philippines and its administration up to the end of the fiscal year 1941 are described in some detail. It was pointed out that this work was assuming increasing importance and, with the inclusion in June of Germany, Italy, Portugal, Spain, and Switzerland and 11 other countries among those subject to control, was greatly expanded in scope.

Freezing of Chinese and Japanese assets.—In the second half of 1941, foreign funds control became one of the major functions of the High Commissioner's Office. On July 26, 1941, control was enormously enlarged by the blocking of China and Japan. Subsequently, Thailand, Hong Kong, and all other invaded areas, eventually including the Philippines, were blocked.

The greater part of the foreign-funds control work during the latter months of 1941 was concerned with Chinese and Japanese business. Chinese merchants control the greater part of the retail trade in the Philippines and they engage in export and import trade, as well as other businesses, extensively. A large volume of remittances has for

many years flowed from the Chinese in the Philippines to their relatives in China. Japanese investments in the Philippines are relatively large and include extensive abaca plantations in Mindanao, a large brewery near Manila, two banks in Manila, lumber concessions in various regions and small factories and stores in Manila and elsewhere. Before the war Japanese firms exported abaca, lumber and iron, and other ores on a large scale and imported many Japanese products for sale in the Philippines.

Method of enforcement of Foreign Funds Control.—An important part of the Foreign Funds Control work of the office consisted of explaining the "freezing" regulations to those interested and seeing that they were obeyed. Most of the action taken by the United States Treasury Department to implement the so-called freezing order (Executive Order 8389) was applicable to the Philippines as well as to other American territory. The various regulations, Treasury decisions, general rulings, general licenses, public circulars, press releases and other documents were necessarily extremely complicated and difficult even for persons trained in finance to understand. In the Philippines, where the greater number of aliens read or understand little English, the difficulties were greatly increased.

Freezing regulations were brought to the attention of the public by publishing them in the press and by circularizing banks, businessmen's associations, foreign consulates, appropriate Commonwealth officials and others. In many cases groups of persons affected by a particular regulation were called into conference and innumerable interviews were held with individuals seeking clarification of some particular point. To reach individuals, however, the office relied heavily upon banks, trade associations, and consuls. This was particularly true in the case of Chinese and Japanese. In both cases the respective consulates cooperated with their local banks and trade associations to translate and bring to the attention of their nationals the requirements of the law.

One of the first steps taken in connection with the freezing of Japanese assets was the assignment of American bank examiners to the two Japanese banks. Mr. Reynolds B. North was stationed in the Yokohama Specie Bank and Mr. Albert E. Price in the Bank of Taiwan. Both of these men are experienced national bank examiners who were detailed to the Office of the High Commissioner by the United States Treasury Department. They maintained, until these banks were closed upon the outbreak of war, a supervision of their transactions with a view to insuring that foreign funds control regulations were not violated.

As is the case generally with laws of Congress which are effective in the Philippines, the law pertaining to Foreign Funds Control and regulations issued under it were enforceable in Commonwealth courts. With one exception, however, it was not necessary to resort to the courts. Failure to comply with the regulations occurred in a number of cases which came to the attention of the office but usually it was believed that the violations were due to a misunderstanding of the law. On the whole, the sincere attempt by the community to make the law effective was highly gratifying.

The one case of violation of the freezing regulations which reached the courts was that of a Chinese national who attempted to smuggle \$14,000 United States currency out of the Philippines without a license. He was apprehended when boarding a Clipper on October 31,

1941, departing for Hong Kong and on November 24 pleaded guilty in court. The court rendered a decision setting a fine of \$750.

Census of alien property.—One of the major tasks undertaken in connection with Foreign Funds Control was a census of alien owned property in the Philippines. Section 130.4 of United States Treasury Regulations of June 14, 1941, provides that:

(a) On or before July 14, 1941, reports shall be filed on Form TFR-300, duly executed under oath, containing the information called for in such form, with respect to all property subject to the jurisdiction of the United States on the opening of business on June 1, 1940, and with respect to all property subject to the jurisdiction of the United States on the opening of business on June 14, 1941, in which on the respective dates any foreign country or any national thereof had any interest of any nature whatsoever, direct or indirect, regardless of whether a report on Form TFR-100 with respect to any such property shall have previously been filed. Such reports shall be filed by—

(1) Every person in the United States, directly or indirectly holding, or having title to, or custody, control, or possession of such property on either or both of the aforementioned respective dates.

(2) Every agent or representative in the United States for any foreign country or any national thereof having any information with respect to such property.

Provided, That no report on Form TFR-300 need be filed where the total value of all property interests of any foreign country or national to be reported is less than \$1,000.

Without any limitation whatsoever of the foregoing, reports on Form TFR-300, filed as required above, shall be filed by every partnership, trustee, association, corporation, or other organization organized under the laws of the United States or any State, Territory, or district of the United States or having its principal place of business in the United States, with respect to any shares of its stock or any of its debentures, notes, bonds, coupons, or other obligations or securities or any equity therein, in which any foreign country or any national thereof had on either or both of the aforementioned respective dates, any interest of any nature whatsoever, direct or indirect.

(b) Reports shall be executed and filed in quadruplicate with the Federal Reserve bank of the district or the Governor or High Commissioner of the Territory or possession of the United States in which the party filing the report resides or has his principal place of business or principal office or agency, or if such party has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a Territory or possession of the United States, then with the Federal Reserve Bank of New York or the Federal Reserve Bank of San Francisco. A report shall be deemed to have been filed when it is received by the proper Federal Reserve bank or other agency or when it is properly addressed and mailed and bears a postmark dated prior to midnight of the date upon which the report is due. Each Federal Reserve bank or other agency shall promptly forward three copies of every report filed with it to the Secretary of the Treasury.

(c) (1) All spaces in the report must be properly filled in. Reports found not to be in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the order.

(2) Where space in the report form does not permit full answers to questions, the information required may be set forth in supplementary papers incorporated by reference in the report and submitted therewith. Supplementary documents and papers must be referred to in the principal statement in chronological or other appropriate order and be described in such manner that they can be identified.

(d) A separate report under oath must be filed by each person required to file a report except that persons holding property jointly may file a joint report.

(e) The Secretary of the Treasury may, in his discretion, grant such extensions of time or exemptions as he deems advisable for the making of any or all of the reports required by these regulations.

(f) Report Form TFR-300 may be obtained from any Federal Reserve bank, the Governor or High Commissioner of a Territory or possession of the United States, or the Secretary of the Treasury, Washington, D. C.³

³ Regulations under Executive Order No. 8389, as amended, relating to transactions in foreign exchange and foreign-owned property, the reporting of all foreign-owned property and related matters.

As is seen from the above quotation, the regulations placed responsibility upon the individual for obtaining appropriate forms and making the required reports. The reports required for the census of alien property were very detailed and presented many difficulties to certain classes of persons subject to the reporting requirements. This was particularly true with respect to Chinese and Japanese of which there were many thousands who could not read English. Difficult problems also arose in connection with insurance companies, especially those doing business in other countries, as well as the Philippines.

With a view to helping Chinese and Japanese residents, the assistance of their respective consulates and trade associations was enlisted. They prepared translations of the forms and printed in Chinese and Japanese, respectively, instructions on how to make the required reports. Members of the staff of the High Commissioner's Office visited the capitals of each province containing large numbers of aliens or important alien business interests and conferred with the leaders of the alien groups and with public officials with a view to explaining the requirements of the law.

The Commonwealth government and the Philippine National Bank rendered invaluable assistance in connection with the census of alien property. The provincial treasurers in each province and the branches of the Philippine National Bank distributed forms, accepted reports, and assisted aliens and others in making out their reports. Inasmuch as there was available in the Office of the High Commissioner for work on the alien property census only a small staff, all of whom had to be in Manila most of the time, it would not have been practicable to take the census without the assistance of the provincial officials of the Commonwealth government and the Philippine National Bank.

Although the original regulations, quoted above, required that reports of alien property holdings must be filed by July 14, 1941, it was necessary to postpone this date in the Philippines because of delays in obtaining the required forms and in distributing them, together with information and instructions in Chinese and Japanese, to points distant from Manila. The census was completed only shortly before the war broke out and, unfortunately, it was not possible to send the reports to Washington. They did, however, prove very useful in connection with the case by case blocking of certain individuals as described later in this section of the report and in connection with the supervision and requisitioning of enemy properties after the war began. On December 24, when it was evident that Manila would fall into the hands of the Japanese, instructions were given to destroy all reports in order to prevent them from being misused by the Japanese authorities.

Remittances by Chinese in the Philippines to their families in China.— One of the most difficult problems that arose in connection with foreign funds control was the development of a system that would insure that remittances by Chinese residents of the Philippines to their families and business associates in China would provide foreign exchange to the Chungking Government and would not fall under the control of the Japanese authorities or Japanese puppets in occupied areas of China. These remittances were very substantial in amount, running into several millions of pesos per month. Consequently, the Philippines were a very important link in the system of exchange controls which had been instituted by the United States Treasury to assist China in

acquiring United States dollars and in stabilizing her currency. Protracted negotiations were carried on by radio with Washington and with Treasury officials who came through Manila on their way to and from China where they were engaged in work connected with the stabilization loan to China. On two occasions the late Manuel Fox, who at that time was a member of the Stabilization Board of China, flew by clipper from Hong Kong to Manila and discussed the problem of Chinese remittances from the Philippines.

As finally worked out and put into effect by means of a general license issued by the United States Treasury, all family remittances from Chinese in the Philippines were funneled through one Manila bank (the Bank of Communications) which acted as an agent for the Central Bank of China. It was required that the foreign exchange so acquired be made available to the Stabilization Board of China against delivery of an equivalent amount of Chinese national currency at the official rate. No remittances to either occupied or unoccupied China were allowed unless they were effected in this manner. In this way it was assured that dollar or peso exchange arising out of these remittances would help support the Chinese national currency instead of finding its way to the black market.

Examination of effects of persons leaving the Philippines.—As foreign funds control regulations became more stringent and, more particularly, after remittances to China were prohibited except through specified channels at pegged rates, it became necessary to institute an examination of the effects of persons leaving the Philippines. An especially strong incentive to export United States and Philippine currency existed during the last several months preceding the war as the result of the establishment by the Stabilization Board of China of an "official rate" and the development outside of black markets at which foreign exchange brought considerably higher prices in terms of Chinese national dollars than the "official rate." With a view to assisting the Stabilization Board in maintaining the official rate, and insuring that remittances by Chinese in the Philippines to their relatives and associates in China would be effected as provided by foreign funds control regulations, efforts were made to prevent passengers on steamships and airplanes from taking with them more currency than was required for their personal expenses.

The examination of baggage was conducted by Commonwealth customs inspectors. In Manila a representative of the Office of the High Commissioner, assisted by five former Commonwealth officials employed temporarily by the High Commissioner for foreign funds control work, were on the docks as each commercial ship sailed, and at the airport as each plane left for Hong Kong or Singapore, to assist in supervising the inspection. In outlying ports the collectors of customs were charged with entire responsibility for enforcing the law. The examination of outgoing passengers' baggage appears to have deterred attempts to export currency as no large sums were found except the \$14,000 to which reference is made elsewhere in this section of the report.

Special blocking of persons acting on behalf of or in the interest of the Axis.—Another problem of considerable importance that arose in connection with foreign-funds control in the Philippines in the summer and fall of 1941 was that presented by Axis or Axis-controlled firms and Axis nationals and sympathizers. Many of these had been in business or had resided in the Philippines for a number of years

and most of their activities were not automatically subject to supervision under the freezing regulations. Each such case had to be studied individually to determine whether the firm or individual, as the case might be, should properly be treated as blocked. After several months of careful consideration of all pertinent information available, including information derived from the census of alien property, and with the help of other government agencies in a position to render assistance, a list of somewhat over 200 firms and individuals was compiled and they were notified on November 22, 1941, that they were considered blocked.

The persons thus blocked consisted mostly of those believed to be Nazis who were responsible officers or employees of concerns which were "blocked nationals" as defined by the freezing regulations. A few persons on the list were Germans who had become naturalized Philippine citizens and there were a few firms and individuals of other nationalities, including United States and Philippine citizens, who appeared to be closely identified, or to have close business connections, with other persons or firms that were blocked or to be blocked.

The list of persons and firms thus specially blocked was not published in the press but was supplied to banks and other financial institutions. The effect was to require such persons and firms to do business only as authorized in licenses to be obtained from the Office of the High Commissioner and to obligate them to furnish the Office of the High Commissioner with periodic reports of their business transactions. Each was given immediately a 30-day license authorizing him to continue normal business activities solely within the Philippines, thus requiring each to apply for special licenses for any transactions outside of the islands. It was anticipated that extension of the licenses, possibly with modification, would be granted upon the expiration of the 30-day licenses. A few such extensions were given to these persons and firms to authorize business after December 23, but the military situation had become so grave by that time that much business was at a standstill and licensing work had to be largely discontinued.

Administrative organization and personnel.—Foreign-funds control in the Philippines continued during the period under review to be carried on under the general supervision of Mr. Woodbury Willoughby, financial expert on the staff of the High Commissioner. During the summer several senior officers of the United States Treasury Department were sent to the Far East to assist temporarily in administering foreign funds in the Philippines and to perform work for the Treasury in China. From August 7, 1941, until his departure on August 28, 1941, Mr. L. C. Aarons was in immediate charge of the Foreign Funds Control Division. Mr. Richard P. Aiken was in charge from August 28 to September 5, 1941, and Mr. Eugene C. Clay from September 8 to October 2, 1941. Mr. T. M. Anderson was in charge after October 2. Other principal staff members, all of whom were also detailed by the United States Treasury, were Messrs. Albert E. Price and Reynolds B. North, who supervised the activities of Japanese and other banks; Mr. James J. Saxon, who was of general assistance and ably handled special banking and currency problems; Mr. Lawrence Heberd, who was in charge of the census of alien property in the Philippines; and Mr. T. Page Nelson, who drafted most special licenses. Mr. William J. Stumpf and Mrs. Bertha T. Greusel, who had been employed locally, continued to answer most

inquiries and to advise persons seeking information in regard to foreign-funds control and, during the last few weeks preceding the war, the former supervised the examining of the effects of outgoing passengers to insure compliance with foreign-funds-control regulations;

EXPORT CONTROL

The control of exports from the Philippine Islands was inaugurated on May 28, 1941, pursuant to Senate Joint Resolution 76 of the United States Congress. This resolution made applicable to the Philippines the Export Control Act,⁴ which had been in effect in the United States since July of the preceding year. Export control in the Philippines was administered by the Office of the High Commissioner with the assistance of the appropriate Commonwealth officials as an integral part of the program for the United States as a whole.

As originally applied to the Philippines the commodities subject to export control were chiefly those of special importance to the United States in connection with its program of preparedness and aid to friendly nations. They included a number of important Philippine products; notably, abaca (Manila hemp), chrome, coconut oil, copper, copra, iron ore, and manganese. The policy adopted with respect to these commodities was described in the Fifth Report of the High Commissioner.

As time went on, export restrictions were progressively tightened. The growing needs of consumers both at home and in friendly countries impelled the United States to curtail more and more shipments from American territory to other destinations. In line with its policy of refusing aid to aggressor nations, the United States also progressively cut down exports to the Axis countries which might assist their war effort. From a relatively small number of the most important strategic materials the export control list was expanded by additions from time to time and ultimately included most classifications of articles exported from the Philippines.

The greatest extension of export control in the Philippines was occasioned by circumstances peculiar to the islands and in practice did not apply in the continental United States. In the spring and summer of 1941 there developed a strong tendency to drain American products away from the Philippines by reexport to nearby areas. To a large extent the Far East was cut off from European sources of supply; and priorities, shipping shortages, and allied factors greatly reduced imports from the United States. Acute shortages developed, chiefly in Japanese-controlled areas, of a number of commodities normally imported from abroad.

Being part of the United States, the Philippines were given preferential treatment in the matter of priorities and shipping and continued to receive American goods which were unobtainable by other Asiatic countries. As a result of these factors prices in Shanghai and other commercial centers on the mainland rose far above Manila prices. This disparity in prices extended to a large variety of commodities, including many not subject to export control, and made it highly profitable to purchase American goods in Manila for reexport to other far-eastern parts.

⁴ Sec. 6 of "An act to expedite the strengthening of the national defense," approved July 2, 1940; 54 Stat. 714;

The drain of American goods from the Philippines became a matter of serious concern in the spring of 1941. Shipping was being curtailed progressively even to the Philippines and the replacement of stocks was becoming increasingly difficult. It was known that war with Japan would be accompanied by a blockade which might cut the Philippines off entirely from imports for a protracted period and, as the Philippines are dependent upon imports for many staple commodities, it was essential, from the viewpoint of national defense, that stocks of such commodities be maintained at high levels. The most critical commodities were foodstuffs. In most years it is necessary for the Philippines to import rice, which is the staple diet of the bulk of the population. Other foodstuffs of great importance are canned milk and flour.

With a view to preventing the depletion of foodstuffs which would be vitally necessary in the event of a blockade, the Commonwealth Assembly passed a bill, approved June 9, 1941, which would authorize the President of the Philippines to prohibit by proclamation the exportation of food products and other articles or commodities of prime necessity.⁵ As it affected exports, the bill required the approval of the President of the United States before becoming law. Before action was taken by the President, however, it became evident that it would not provide a satisfactory solution to the problem. It would have made possible an embargo upon exports of specified commodities but would not have provided a flexible means of regulating exports so as to allow limited exports to friendly destinations while prohibiting exports to unfriendly destinations. Accordingly, in July, the High Commissioner radioed the President of the United States as follows, requesting action to meet the situation:

Urgent. For the President: Critical situation demanding immediate action exists owing to lack of authority to prevent exports from Philippines of materials not on export control list and which probably could not under the language of the existing law be placed on that list. Accumulation of supplies of imported goods in anticipation of possible emergency urgently necessary. United States shipping facilities and priorities make available in Philippines, goods, chiefly American, which cannot be obtained or are available only at higher prices elsewhere in Far East. As a result such goods are being reexported from Philippines thus partly nullifying purpose of special facilities for United States-Philippine trade and draining Philippines of goods which will be urgently needed in the event of emergency. For example, more than 10,000 cases American tinned milk were shipped yesterday to Indochina while difficulty is being experienced by Commonwealth Government in obtaining tinned milk to be shipped from the United States to Philippines to build up reserve stocks urgently required in the event of emergency. There were also shipped on same vessel American nails needed for military and civilian purposes.

Please refer to my Clipper letter of July 17 regarding Commonwealth bill to authorize President of Philippines to prohibit exports of certain commodities. For reasons pointed out in my letter, bill is defective in important respects and would provide only an embargo. It is important that we have power to stop exports to unsatisfactory destinations without cutting off all exports to British Empire and other friendly nations. Moreover, it would provide control only over certain foodstuffs and "other like articles of prime necessity." Developments since my letter convince me that it is of the utmost importance to establish without delay comprehensive but flexible control over wide range of products, including not only foodstuffs but many others not now subject to export license, including most if not all goods imported from the United States.

In order to cope with situation and following out suggestion contained in last sentence of your message to me sent in radio No. 208 from Interior, May 5, 1941, I suggest for your consideration and recommend that, if politically feasible, you secure amendment to Export Control Act so as to empower you to control,

⁵ Bill No. 3217.

during the existence of present emergency, exports from Philippines to foreign countries of such foodstuffs and other commodities as may be found necessary to the defense of the Philippines. In the interest of better administration, probable legislation should empower you to delegate power to determine what article shall be subject to license to some official in Philippines such as High Commissioner.

I have discussed this matter with President Quezon who agrees to the need of some such remedy to meet prevailing situation.

After consultations among the interested departments in Washington it was decided to provide flexible control over exports from the Philippines by extending the list of commodities subject to export control to virtually all articles of necessity which might otherwise be exported or reexported from the Philippines because of higher prices elsewhere in the Far East. This was done by proclamation of the President of the United States dated August 27, 1941, making subject to export control all military equipment or munitions or component parts thereof, or machinery, tools or materials, or supplies necessary for the manufacture, servicing, or operation thereof, which had not been made subject to such control under previous proclamations. At the same time the Administrator issued an export schedule listing specifically all articles which it was felt desirable to control. This list had been prepared after careful study by the Office of the High Commissioner in collaboration with appropriate officials of the Commonwealth Government and military and naval authorities in the Philippines. General licenses were then issued which allowed exportation of the articles covered by the proclamation from the United States, its Territories and possessions but not from the Philippines. The practical effect was to make possible regulation of the exportation of these articles from the Philippines while allowing them to flow freely from the United States. The full text of the President's proclamation of August 27, 1941, is given in appendix P.

During the summer of 1941 the administration of export control in the Philippines presented a considerable problem because of the large number of small shipments involved and the inherent difficulties in coordinating the policy pursued in the Philippines with that adopted in the United States. By fall, however, the work became more routinized. Specific directives had been received from Washington covering most articles exported from the Philippines and as exporters became acquainted with the policy followed they stopped applying for export permits which would have been denied. Drastic curtailment of shipping between the Philippines and other far eastern ports coupled with greatly tightened control of foreign exchange transactions also reduced sharply exports to countries other than the United States.

Throughout the year applications continued to be received and licenses issued only at Manila. Commonwealth customs officials at Manila and other ports of exit enforced compliance with the laws and with the provisions of the licenses. In November the Chief of the Division of Export Control made an inspection trip to the principal ports in the Visayan Islands and Mindanao and instructed customs officials as to the requirements of effective control.

Close cooperation was maintained with authorities of the United States Navy engaged in the enforcement of neutrality regulations. Naval officers rendered especially valuable assistance in the measurement and certification of bunker-oil requirements of vessels clearing

from Philippine ports. Their certification was made a prerequisite to the licensing of fuel for all vessels of foreign registry.

In order to minimize the possibility of inequitable treatment, applicants for export licenses were granted the right to appeal to the High Commissioner from decisions of the Chief of the Division of Export Control. In order to assist him in reaching a just decision in the case of such appeals, the High Commissioner, by order dated July-12, 1941, set up an Export Control Board of Review, which considered all appeals of rejections of applications for licenses and recommended the action to be taken upon such applications by the High Commissioner. The board was composed of the financial expert, the economic adviser, and the legal adviser. The financial expert served as chairman from the date of establishment of the board until September 12, 1941, when the chairmanship was transferred to the economic adviser. During the period of its operation not more than about a dozen appeals were made by applicants from the decision of the Chief of the Export Control Division.

With the outbreak of hostilities on December 8, exports from the Philippines virtually ceased, few, if any, licenses other than for limited quantities of fuel oil and ship stores being issued after that date. When it became evident that export-control work would dwindle or disappear entirely, the export-control office was moved from the Manila customhouse in the port area, where it had been located for several months, to the High Commissioner's building, and the export-control staff was assigned to emergency work.

Administration of the export control program was under the general supervision of Mr. Woodbury Willoughby, financial expert, from the time of its inception until October 1, 1941, when supervision was transferred to Mr. E. D. Hester, economic adviser. It was under the immediate management of Mr. Frederick H. Noble who served as Chief of the Division of Export Control.

Pending the selection of a permanent assistant for Mr. Noble, the United States Department of State temporarily detailed Mr. Robert Buell, a Foreign Service officer, to the Office of the High Commissioner for export control work. Mr. Buell served in Manila from August 27 to November 11, 1941, when he left for his next post.

Mr. Donald S. Cochran was appointed junior officer on October 9, 1941, to assist Mr. Noble. Other personnel consisted of Mr. Robert Gurney, export control clerk, one Filipino statistical clerk and three Filipino messenger-typists. The entire personnel of the Division is believed to have been in Manila at the time that it was occupied by Japanese forces. It is reported that part of the American staff is housed, under surveillance, at 911 M. H. del Pilar Street.

FEDERAL LOAN AGENCY PROGRAM

In June 1941 the High Commissioner requested the Federal Government's advice and assistance in formulating and financing a policy for stimulating production of strategic materials and for relief to the iron mining industry, which was suffering the effects of quotas considerably reducing normal exports of ore to Japan. The problem was referred to the Federal Loan Agency at Washington and at the request of the High Commissioner, Mr. E. D. Hester, economic adviser, then on leave in the United States, was called to Washington.

During the last week in July, Mr. Will Clayton, Deputy Federal Loan Administrator, called a conference of representatives of interested offices including the State Department, Reconstruction Finance Corporation, Metals Reserve Company, Defense Supplies Company, and the Board of Economic Warfare. As a result of this and other consultations, Mr. Henry Grady and Mr. Hester were sent to Manila in August by the Federal Loan Agency for the purpose of interviewing interested producers and Government entities and recommending a program along the lines suggested by the High Commissioner.

On September 2, a complete report was filed and approved in principle by the Federal Loan Agency. Mr. Hester was later appointed representative in the Philippines for the Federal Loan Agency and Subsidiary Companies. Mr. Charles A. Mitke was retained as consulting mining engineer and Mrs. Elise Flahaven, as secretary. An office was opened in the High Commissioner's building.

The program as finally adopted was for the Federal Loan Agency acting through the Metals Reserve Company to purchase certain mineral raw materials such as could not be sold through normal commercial channels and to accept the responsibility for shipment of chrome, manganese, and copper to the United States. Production in excess of a specified tonnage and delayed shipments were to be placed in stock piles and covered by warehouse receipts, thus providing revenue for further operations by the mining companies and smelters. The limits set for immediate acquirement were: 6,000 short tons of copper, measured as copper content of matte or blister; 350,000 long tons of metallurgical and refractory grades of chrome; 40,000 long tons of manganese; and 900,000 long tons of iron ore. Commitment was also made to guarantee purchase during a 3-year period of 27,000 short tons of copper, measured as copper content of blister, to be produced by new installations.

During October and November questions of specifications, allotments to various producers, sites for stock piles, forms of contract, transfer of credits, and all other details respecting the program were completed. However, no contracts were signed or purchases made prior to the outbreak of war on December 8, 1941. After that time the program was indefinitely suspended.

Mr. Charles Mitke and Miss Flahaven are detained in Manila by enemy action, the latter at 911 M. H. del Pilar Street.

ADMINISTRATION OF PRIORITIES

In midsummer 1941 approximately 70 percent by value of average annual imports into the Philippines from the United States came under the various war production controls instituted in the United States. The application of these controls by various offices, coupled with the shortage in shipping, seriously interrupted public and private construction and the installation, repair, and replacement of industrial equipment. Large quantities of goods previously ordered for shipment to the Philippines, in some instances paid for, were either held at docks or diverted to other customers from Atlantic, Pacific, and Gulf ports. By late September the "draw-off" had alarmingly reduced and in some instances eliminated local stocks, even of materials needed for the military and civilian defense of the Philippines. At the beginning, governmental agencies in Washington considered the

Philippines as a foreign area for purposes of issuance of priorities. This position was challenged by the High Commissioner as well as by the Philippine Resident Commissioner in Washington and a better understanding was speedily achieved.

Administration of priorities was in part assigned to the High Commissioner and placed by him under the supervision of the Economic Section with Mr. Robert J. Huffcut, economic assistant, serving as a priorities officer. Little success was achieved in securing priorities expeditiously from Washington and during the comparatively short time intervening between the establishment of controls and the declaration of war, confusion reigned. The reasons for this failure were numerous. Among them: frequent changes and duplication of authority in Washington; sudden changes in forms, procedures, and policy, in many cases without timely notification to the Office of the High Commissioner; the multiplicity of detail required in most procedures, coupled with the distance between the two areas and an unprecedented delay in radiographic correspondence; and the handicaps and frequent duplication arising from the acceptance by priorities authorities in Washington of applications from the Philippines through four channels—the Office of the High Commissioner; the Commonwealth Government through the Philippine Resident Commissioner in Washington for both public and private applications; the United States representative of the Philippine importer; and the United States manufacturer or exporter of goods destined for the Philippines.

A further complication was the apparent inability of the Army and Navy authorities in Manila to issue priorities in favor of merchants to cover depletion of local stocks requisitioned for defense construction. This situation resulted in reluctance on the part of the dealers to furnish goods from stock for quartermasters and supply officers. A conference with a controlling body of dealers in construction materials called in October resulted in considerable amelioration of the situation through the issuance by the High Commissioner and the acceptance in Washington of priorities certified for stock to replace Army and Navy purchases from local stocks.

On September 23 the High Commissioner by authority from Washington appointed Mr. Robert J. Huffcut to be Coordinator of Mines for the Philippines. The mines, particularly those producing chrome, manganese and copper for shipment to the United States had in several instances been unable to respond to Federal Loan Agency requests for increased output because of inability to obtain additional equipment or even repairs for existing installations. The Coordinator of Mines was able by the first of November to regularize this special condition insofar as it referred to replacements and repairs but he was generally unable to obtain clearances necessary for additional installations. Had it not been for the intervention of war it would have been necessary to request a centralized and fully empowered single authority to cover all Philippine requirements.

UNITED SERVICE ORGANIZATIONS

In July 1941, the Honorable Paul V. McNutt commissioned Mr. E. D. Hester, economic adviser then in Washington, to review conditions in the Philippines relative to establishment of recreation centers for men of the armed forces in the Philippines, and to report

a plan for erection and management of buildings at Manila and Angeles, Pampanga, designed for this purpose.

A local committee headed by Mr. Sam Gaches had already organized as the Philippine Civilian Services Organization on a basis of representation from the United States Army, United States Navy, Philippine Army, Y. M. C. A., and various religious and civic bodies. All interested elements agreed to a steering committee composed of Mr. Hester, Mr. Gaches, an Army officer and a naval officer. Plans were drawn up, sites selected, and estimates submitted for three units. These recommendations were accepted by Washington authorities and a suballotment of \$260,000 set aside. Specifications had been completed but no contracts let on December 8. The plan was necessarily suspended at the outbreak of war. No expenditures were made and no obligations incurred in respect to the suballotted funds.

SUGAR RELIEF PROGRAM

From September to the outbreak of war, the High Commissioner's Office gave close attention to the Philippine sugar problem. The shortage of shipping space had left about 80,000 tons of the 1941 United States quota in warehouses. The crop for 1942 was mature, but the local banks would not extend the customary planters' loans for harvesting nor advance working capital to the mills for grinding the new crop because: (a) There was little probability that more than 30 percent of the 1942 United States quota could find shipping space; (b) under existing Federal legislation quota sugar carried over from one calendar year could not enter the United States in the succeeding year without invalidation of a corresponding quantity of the succeeding year's quota; and (c) increased taxation, freight, insurance, and handling costs against a low price ceiling in the United States would consume from a third to a half of the planters' usual profit. In short, planters' notes and warehouse receipts on sugar were no longer acceptable security for bank loans.

The demand for amelioration coming from the country's largest industry was too insistent to be ignored. The first plan suggested was to pass on the faulty security of the 1941 carry-over and the whole 1942 crop to the United States Export-Import Bank on a promise of cover by a Commonwealth Government guarantee. With this would be coupled an effort to amend laws to validate carry-overs where nonshipment was due to emergency conditions. The plan was only feasible on the assumption that normal world conditions would be reestablished by the beginning of 1943, an assumption which the High Commissioner did not wish to make. Moreover, it was doubtful that the United States Sugar Administration would recommend, or that Congress would enact measures to legalize, carry-overs of anything more than a fraction of an annual quota. To do so, they would have encouraged an eventual glut of the American market which would react against domestic producers and foreign quotas.

A second plan was devised to couple immediate relief with orderly retrenchment of production over a period of several years. Although the immediate cost of financing the program might be greater, the terms could be made more beneficial to the actual planter and his laborers, it could form a logical part of the economic adjustment program required by the approach of political independence, and there would be a reasonable hope to recapture a substantial part of the loans.

Background of the sugar problem.—The United States-Philippine sugar regimen in the Philippines rested primarily⁶ on the Tydings-McDuffie Act (48 Stat. 456) as amended⁷ which provides:

- A. From January 1, 1936, to December 31, 1940:
 1. Duty-free calendar year quota of 850,000 long tons of sugar of which not more than 50,000 long tons may be refined sugars.
 2. Full foreign United States import duties on all over-quota quantities.
- B. From January 1, 1941, to July 4, 1946:
 1. Preferential calendar year quota of 850,000 long tons of sugar of which not more than 50,000 long tons may be refined sugars, subject only to export taxes at rates equivalent to the following percent of the corresponding full United States foreign import duties:
 - (a) 1941, 5 percent.
 - (b) 1942, 10 percent.
 - (c) 1943, 15 percent.
 - (d) 1944, 20 percent.
 - (e) 1945, 25 percent.
 - (f) 1946 to July 4, 25 percent on one-half the quota quantities.⁸
 2. Full foreign United States import duties on all over-quota quantities.
- C. After July 4, 1946:
 1. Nonpreferential quotas as may be prescribed at the time for foreign countries, unless otherwise provided as a result of 3, below.
 2. Full foreign United States import duties on all quantities, unless otherwise provided as a result of 3, below.
 3. At least 1 year before independence (prior to July 4, 1946) a joint conference to be called by the President of the United States for the purpose of formulating recommendations as to the future trade relations between the United States and the Philippines.

From the first consideration in 1934 of limitation and adjustment of the sugar industry, several students of Philippine economic conditions had advocated a system of annually declining duty-free quotas rather than the system of annually increasing duties (or corresponding export taxes) levied on a fixed quota. The reasons for this policy were summarized as follows:

1. Under a system of declining duty free quotas, land, labor, and capital investment could be gradually diverted to other crops and, because the per-unit profit would be sustained, the planters would have resources available for private economic adjustment.
2. Under a system of increasing duties (or export taxes) against a fixed quota, the area of land, the hours of labor, and the amount of capital devoted to sugar would remain practically constant while the per-unit profit would diminish, ultimately to zero, and the bankrupt planters would have no private means to meet the sudden demand for immediate adjustment.
3. The theory that with increasing duties (or export taxes) successive groups of marginal planters would retire from the industry could not work out satisfactorily as individual allotments under the quotas were found to be legally transferable and, in any event, the fixed quota would be annually allocated to the remaining number of planters.
4. The transferability of allotments tended to concentrate the quota in the hands of a few large landowners, and created agrarian unrest among home-steaders, new tenants, and freeholders who were unable to buy their way into the monopoly.
5. Under declining quotas, the quantity admitted to the United States at the date of independence would be noncritical in respect to American sugar policy and it might be possible to obtain a concession for its continuance for some time on a duty-free or preferential basis. Otherwise, the anticipated increase in 1946

⁶ The United States Sugar Act of September 1, 1937, as amended, affects Philippine sugar control but does not alter the terms under discussion herein. See also the practical prohibition against Philippine sugar in the world market in the international agreement regarding the regulation and marketing of sugar and protocol annexed to the agreement, London, May 6, 1937.

⁷ In respect to sugar, by the Economic Adjustment Act, Public, 300, 76th Cong., August 7, 1939.

⁸ The Tax and Quota Suspension Act, Public, 367, 77th Cong., December 22, 1941, altered the percent rates for 1942 to 1946 to be as follows: 1942, 0 percent; 1943, 5 percent; 1944, 10 percent; 1945 and 1946 to July 4, 15 percent; the act was not considered in formulating plans for relief of the sugar industry.

from 25 to 100 percent of the full United States foreign duty would result in coincidence of independence with the complete and immediate destruction of the country's leading export industry.

Proposed Export-Import Bank loan.—On September 17, 1941, the High Commissioner learned through the press that the Federal Export-Import Bank was considering a loan to the Philippine sugar industry of \$20,000,000 to alleviate difficulties due to inability to maintain export to the United States. The High Commissioner queried Washington by radiogram dispatched on September 23 and on October 8 he was informed that the loan was under active consideration.

In order to place the views of his office before the Export-Import Bank, the High Commissioner forwarded a radiogram on October 11 reading as follows:

Proposed sugar loan raises major and grave underlying questions of policy which are of concern not only to Export-Import Bank but also to Departments of Agriculture, State and Treasury, as well as to Interior and High Commissioner's Office. Highly important that all agree on a unified policy, and I am sure you will take appropriate steps to see that all interested departments and agencies consult together before commitments are made on sugar loan. The shortage of shipping has created a difficult problem for United States-Philippine quota sugar and some plan of relief is desirable in order to sustain Philippine economy in this time of emergency. I believe that to accomplish this purpose certain considerations must be faced and thought through. Among these are the following:

1. Under sugar provisions of Tydings-McDuffie Act and United States Sugar Act validity of annual Philippine quotas expires on December 31. I understand that it is probably impossible under existing laws to reclassify unshipped quota sugar of one year as quota sugar of succeeding year. Consequently carry-over quota sugar would not seem to be bankable security unless these acts are amended.

2. The value of sugar as a security is also impaired by fact that sale of Philippine sugar in free world market is restricted by London Sugar Agreement.

3. If value of sugar as a loan security is to be sustained, presumably duration of United States Sugar Act, which limits mainland, Cuban, and other foreign competition will have to be extended.

4. While Philippine sugar loans have customarily been made on basis of \$2 per picul (16 piculs to the long ton) concerning approximately one-third of the planters and 80 percent of the production for export to the United States, it is reported that approximately only half of the loans have in past been applied to farm wages and cultivation, the balance being expended for personal needs of planters and landowners. Consequently it has been suggested that future loans should be at a lower rate—perhaps \$1.50—and restricted to disbursement for pay rolls, seed, machinery, fertilizer, and other productive ends.

5. Loans have already been made by local banks and merchant-lenders covering the 1941-42 crop (on 1942 quota year) and any effective loan against this crop would presumably involve rediscount of sugar paper held by banks and merchants. In this connection, one of the largest merchant-lenders is a foreign company whose account is blocked.

6. Customarily, loans made by merchant-lenders are at relatively high rates of interest include obligations of planter to sell his sugar only through the lender, and to buy fertilizer, supplies, and services from the lender; consequently any program which contemplates rediscount or other form of coverage of outstanding loans would be subject to criticism as sustaining profits of merchant-lenders without substantial benefit to tenants, sharecroppers, and laborers who bear a heavy burden from dislocation in the industry.

7. If I correctly understand view of State and Agriculture Departments, it is that program of relief for Philippine sugar should be conditioned on progressive diversion of sugar land to subsistence crops in order to accord with economic adjustment to independence program of Tydings-McDuffie Act and with requirements of national defense. With this view I concur. I have discussed and read this entire telegram with Henry Grady and he fully agrees with the views therein expressed.

On November 5 information was received from the Export-Import Bank that the Commonwealth Government through its Resident Commissioner in Washington had requested a loan to the Philippine National Bank to be secured by sugar in warehouse in the Philippines

to cover, at ₱4 per picul (16 piculs to the long ton): (a) not to exceed 100,000 long tons of the 1941 quota carry-over; (b) 700,000 long tons of the 1942 quota; and (c) 400,000 to 500,000 long tons of the 1943 quota. Officials of the Export-Import Bank indicated that they were willing to cover (a) and (b) provided the President of the Commonwealth would agree to sponsor a bill before the next Philippine National Assembly which would authorize a full Government guaranty of the loan. Further comment and suggestions from the High Commissioner were requested.

The High Commissioner complied with the request for further consideration in his radiogram of November 10 reading:

Viewing situation from angle of Philippines, I believe that some plan of relief is highly desirable and that every effort should be made to find some constructive plan which will meet Philippine needs and yet avoid permanent injury to Philippine economy and to Philippine nonsugar interests. See my radio of October 7. I fully realize, however, that responsibility for reaching decision as to form this loan should take now rests in Washington. By way of general comment on plan proposed in your radio perhaps I should point out that the requirement of a Government guaranty will in effect transfer the unrepaid indebtedness of a small group of the wealthiest citizens to the general mass of the Filipino people. Without legislation to loosen the fixed expiry quota year dated and with shipping facilities unimproved from their present status it seems not unlikely that the Government guaranty of loans totaling over 50,000,000 pesos may increase the net public debt up to 72 percent (net public debt exclusive of Manila Railway bonds as of May 31, 1941, was just under 70,000,000 pesos) and/or impose upon the Philippine National Bank a liability which is two and one-half times the amount of its total paid-up capital and surplus.

Assuring that, as your radio indicates, plan suggested therein has the approval in principle of Export-Import Bank and of Departments of Interior, Agriculture, and State, in response to your request may I offer following comments:

1. A legal debt limit has been placed upon the Commonwealth Government by Congress. See Tydings-McDuffie Act, section 2 (a), subsection 6, and also Ordinance appended to Philippine Constitution, section 1, subsection 6. This raises questions of considerable difficulty and importance as to which I presume you will secure or already have secured competent legal advice.

2. I presume that your attorneys have also passed on charter power of Philippine National Bank to handle loan. Section 10 (b) of Charter of Philippine National Bank empowers bank "to take loans on, or to discount notes secured by, harvested and stored crops, provided that no loan on the security of such harvested and stored crops shall exceed 70 percent of the market value thereof on the date of the loan."

3. While it may be presumed that there is no thought of discriminating as between different borrowers I believe that for the protection of banks and others it would be reassuring to include in loan agreement some specific stipulation to effect that loans should be available to all borrowers on equal terms and that banks other than the Philippine National Bank having loans outstanding against 1941 and 1942 quota sugar will enjoy equal facilities under the loan.

4. You may wish to consider advisability of inserting provision in loan agreement to insure equality of treatment in sugar marketing arrangements. In this connection it occurs to me that if measures should be taken to assure shipping priority for sugar under Government loan it would mean heavy injustice to the small relatively provident planters who number approximately 60 percent of all planters and who produce approximately 20 percent of quota sugar without recourse to bank loans.

5. As to the 1943 crop I believe that if you should decide to make any commitments, these should be contingent upon some plan for reduction of sugar land and diversion to other subsistence crops for reasons set forth in my radio of October 11.

I hope you will not hesitate to call upon me if I can be of any service at any time.

The adjustment plan.—On November 18 High Commissioner Sayre and President Quezon agreed upon a plan for the relief and adjustment of the Philippine sugar industry. A digest of the plan was included in

a radiogram from the High Commissioner to the Division of Territories and Island Possessions on November 22. The complete text of the draft act embodying the proposed plan follows:

AN ACT TO MEET EMERGENCY CONDITIONS IN THE PHILIPPINE SUGAR INDUSTRY AND TO PROVIDE FOR THE ORDERLY READJUSTMENT THEREOF, AND FOR OTHER PURPOSES

SEC. 1. There is hereby appropriated to the Government of the Commonwealth of the Philippines the sum of \$28,800,000 to be paid as benefit payments to sugar mills and sugar planters exercising the right to fill allotments made under the quota of sugar coming into the United States from the Philippine Islands established in section 6 of the Act of March 24, 1934 (48 Stat. 456), as amended, in the manner hereinafter provided.

SEC. 2. The Government of the Commonwealth of the Philippines shall withdraw allotments covering not less than 450,000 long tons from the quota of sugar coming into the United States from the Philippine Islands established in section 6 of the Act of March 24, 1934 (48 Stat. 456), as amended, in such manner that the quota of sugar coming into the United States from the Philippine Islands shall not exceed 700,000 long tons during the calendar year 1943 nor 550,000 long tons during the calendar year 1944, nor 400,000 long tons during the calendar year 1945, nor 200,000 long tons during the period January 1 through July 3, 1946.

SEC. 3. Benefit payments as provided for in section 1 of this Act and withdrawals of allotments as provided for in section 2 of this Act shall be governed by the following additional provisions:

(a) The Government of the Commonwealth of the Philippines shall make benefit payments to sugar mills and planters whose allotments may be withdrawn at the rate of \$88 per long ton for the first 150,000 long tons withdrawn, \$64 per long ton for the second 150,000 long tons withdrawn, and \$40 per long ton for the third 150,000 long tons withdrawn and in all cases proportionately for fractions of a long ton: *Provided*, That benefit payments shall be divided as between sugar mills and planters on the basis of the proportion of sugar to which the mill and planters are respectively entitled: *Provided further*, That benefit payments to planters shall be equitably divided as between plantation owners, and any lessees or tenants (whether under written or oral contract) lawfully exercising rights to fill the allotments: *And provided further*, That no benefit payment shall be made to any planter except on certification by an official designated by the Government of the Commonwealth of the Philippines that the area previously devoted to the production of sugarcane to fill the allotment withdrawn, or fraction thereof, has been planted to other crops, or turned into pasturage, or left fallow.

(b) The Government of the Commonwealth of the Philippines shall provide terms for the abolishment of sugar mill districts: *Provided*, That no sugar mill district shall be abolished without the consent of allottees lawfully exercising the right to fill 75 per centum of the allotments pertaining to the sugar mill district to be abolished: *And provided further*, That the Government of the Commonwealth of the Philippines shall withdraw all allotments pertaining to the sugar mill district to be abolished and make corresponding benefit payments as provided in subsection (a) of this section.

(c) The Government of the Commonwealth of the Philippines shall provide terms governing merger or consolidation in whole or in part of any sugar mill district with one or more other sugar mill districts: *Provided*, That such mergers or consolidations shall not be undertaken without the consent of the owners of the sugar mills in the sugar mill districts concerned: *And provided further*, That if one or more planters of any sugar mill district to be merged or consolidated with one or more other sugar mill districts object thereto, the Government of the Commonwealth of the Philippines shall withdraw all allotments pertaining to the planters who so object and make corresponding benefit payments as provided in subsection (a) of this section.

(d) The Government of the Commonwealth of the Philippines shall make such withdrawals as may be undertaken pursuant to the provisions of subsections (b) and (c) of this section on or before September 30 of the year preceding the year in which the withdrawals shall be less than the minimum quantity required to be withdrawn under the provisions of section 2 of this Act, the Government of the Commonwealth of the Philippines shall withdraw the necessary additional allotments and make corresponding benefit payments as provided in subsection (a) of this section: *Provided*, That such additional

withdrawals shall be made proportionately from all allottees as of record on October 1 of the year preceding the year in which the withdrawals are to become effective.

SEC. 4. All quotas of sugar permitted to come into the United States from the Philippine Islands shall continue to be allocated on the basis specified in section 6 (d) of the Act of March 24, 1934 (48 Stat. 456), as amended: *Provided*, That allotments, transferred from one district to another voluntarily or pursuant to subsection (c) of section 3 of this Act, shall be as if allocated within the sugar mill district in which such allotments were originally made.

SEC. 5. On certification by the United States High Commissioner to the Philippine Islands that due to lack of shipping facilities it is impossible to transport the whole or a part of a lawfully established annual quota for any commodity coming into the United States from the Philippine Islands prior to the date of expiration of the quota, such part of such quota shall be permitted to enter the United States during a period to be determined by the United States High Commissioner to the Philippine Islands under the same terms as if entered prior to the date of expiration: *Provided*, That this section shall be retroactive to cover quotas for the calendar year 1941.

SEC. 6. There is hereby appropriated to the Government of the Commonwealth of the Philippines from taxes collected or accrued under title IV of the Sugar Act of 1937, as amended, the sum of \$10,000,000 for the purpose of making joint loans through the Philippine National Bank on Philippine sugar as provided in section 8 of this Act.

SEC. 7. The Export-Import Bank is hereby directed to loan the sum of \$10,000,000 to the Philippine National Bank for the purpose of making joint loans on Philippine sugar as provided in section 8 of this Act. The loan shall be for 5 years and shall bear interest at the rate of four per centum per annum. Details of all transactions under the loan shall be reported quarterly by the Philippine National Bank to the Export-Import Bank.

SEC. 8. The Government of the Commonwealth of the Philippines shall direct the Philippine National Bank to make direct loans to sugar planters for the purpose of financing production of sugar permitted to come into the United States from the Philippine Islands during the calendar years 1943, 1944, and 1945. The Philippine National Bank shall make the joint loan herein provided for equally from the funds provided in sections 6 and 7 of this Act. Costs of administration of the joint loans shall be borne by the Philippine National Bank.

SEC. 9. Joint loans to planters as provided for in section 8 of this Act shall be governed by the following additional provisions:

(a) Joint loans shall be secured by (NOTE.—Terms to be agreed upon by Export-Import Bank and Philippine National Bank).

(b) Joint loans shall be made at the rate of not to exceed \$24 per long ton, fractions in proportion. No joint loan shall be made to any planter against sugar in excess of the quantity of his allotment of sugar permitted to come into the United States from the Philippine Islands.

(c) Joint loans shall bear interest at the rate of five per centum per annum.

(d) Proceeds of joint loans shall be expended only for agricultural purposes.

(e) Joint loans may be extended to date of shipment to the United States of the sugar held as security therefor.

SEC. 10. On July 1, 1946, the Government of the Commonwealth of the Philippines shall transfer to the Secretary of the Treasury of the United States the sum of \$10,000,000 appropriated in section 6 of this Act less amounts thereof outstanding as joint loans. The sum so paid shall be deposited in an account with the Treasurer of the United States and shall constitute a supplementary sinking fund for the payment of bonds of the Philippines in the same manner and subject to the same terms as provided in the Act of August 7, 1939 (53 Stat. 1226), as amended, for deposits of moneys received from export taxes.

SEC. 11. The Government of the Commonwealth of the Philippines is authorized to adopt the necessary laws and regulations for putting into effect the provisions of this Act, except section 5, and shall provide for the administration thereof.

SEC. 12. None of the provisions of this Act shall apply to sugar produced in the Philippine Islands other than that permitted to come into the United States.

SEC. 13. All provisions of law respecting sugar permitted to come into the United States from the Philippine Islands in conflict herewith, and only such provisions, are hereby amended.

The complete draft was transmitted to the Honorable Harold L. Ickes, Secretary of the Interior by air mail, December 1. The covering letter read as follows:

THE UNITED STATES HIGH COMMISSIONER,
Manila, December 1, 1941.

The Honorable HAROLD L. ICKES,
Secretary of the Interior, Washington, D. C.

MY DEAR SECRETARY ICKES: Following my letter to you dated November 13, 1941, enclosing correspondence between myself and President Quezon, and my radiogram No. 967, November 22, in reference to a plan for relieving the present critical condition of the Philippine sugar industry, I am enclosing two copies of a draft in legislative form embodying the proposed plan.

The draft is quite unofficial. It was drawn up by technical men of my staff and of the Philippine Sugar Administration who are acquainted with the rather complex but practicable system of allocation of quotas established in the Philippines under the Agricultural Adjustment Act, the Jones-Costigan Act, the Tydings-McDuffie Act, as amended, the United States Sugar Act of 1937, and various acts of the Philippine Legislature as amended. The draft is being sent by air mail today as a basis for future radiographic correspondence.

I may point out briefly that sections 1 to 4 of the draft provide for: (a) The reduction over a 3-year period of the United States-Philippine sugar quota from its present limit of 850,000 tons to one of 400,000 tons; (b) compensation of allottees by benefit payments under direct appropriation to be made by Congress; (c) requirement of crop diversification. While the appropriation appears large, the United States Government would recoup more than the amount of the appropriation in customs duties if the quota reductions or a major portion of them were reallocated to foreign countries. It may also be noted that provision is made for benefit payments on a declining scale. This is because allotments lifted for 1943 would cover portions of the quota otherwise valid for three and one-half crops; those for 1944, for two and one-half crops; and those for 1945, one and one-half crops. While the reduction need not proceed at a rate exceeding 150,000 tons, if the Commonwealth Government and the industry so desire, the annual rate of reduction may be advanced. This provision, however, is so drafted that an advance in the annual rate of reduction would not operate to cause a deficit in the appropriation for benefit payments.

Section 3 (a) and (b) are greatly desired by the Commonwealth so that the industry may be made more efficient by closing out some of the marginal districts and merging others. In this connection it should be held in mind that in the Philippines an economic unit is formed by each one of the sugar districts, consisting of a mill, operating on a toll basis, owned by industrial processors, and of numerous adherent sugarcane plantations owned by independent farmers. Thus, the mill may not close without damaging the adherent planters, and planters may not withdraw without impairing mill investment. Therefore, reduction by district closure, transfer or merger, must proceed *pari passu* with both the mill and its group of adherent plantations.

Section 5 is perhaps the most important article in the draft. The inability of the holders of allotments under certain of the United States-Philippine commodity quotas to obtain sufficient cargo space to transport their shares to the United States prior to fixed expiry dates is chargeable to conditions of war and the defense policy of the United States rather than to any lack of foresight of these producers. The Philippines is loyally sustaining the defense policy of the United States and I believe it is only fair to lessen the destructive effect of the fixed expiry dates by permitting post-quota-year shipment of annual carry-overs. Without such a provision, apparently there is no legal way of sustaining the value of the crops as security for any form of financing, either that presented in this draft, or that previously under discussion by the Export-Import Bank. At least loans could not be safely made without a general Commonwealth Government guarantee which would threaten a grave increase in the public debt of the Philippines. Unless annual carry-overs can be legalized, I believe that the Commonwealth Government will oppose reduction of the quota and that it will become impossible to effect a sound readjustment of the industry.

Sections 6 to 9 provide for capital to cover loans on sugar of the 1943 to 1945 reduced quotas. The loans would be safe only because of the provisions of section 5. The plan would enable local financial institutions to withdraw their own capital from the sugar industry prior to the date set for independence and thus avoid possible disastrous consequences in the financial community.

Section 10 provides for the eventual deposit of the principal of the loan fund derived from appropriation of sugar processing taxes in the supplementary sinking fund set up by the Tydings-McDuffie Act, as amended, to guarantee the public debt of the Philippines incurred prior to the establishment of the Commonwealth. This provision offsets in part the decrease in accruals to the supplementary sinking fund resulting from the reduced quotas.

On the whole, the draft appears to me to have the merit of a feasible plan not only to relieve present emergency conditions but also to effect a sound readjustment of the Philippine sugar industry. The draft is not to be taken as in any sense final. It has not yet had the full test of legal opinion and the Commonwealth authorities have not as yet reported in detail on the draft.

I shall greatly appreciate your comments on this plan. Will you please have the Division of Territories and Island Possessions make copies and distribute them to other interested departments, particularly State and Agriculture, together with copies of this letter.

Sincerely yours,

FRANCIS B. SAYRE.

On December 6, the High Commissioner received information that the Departments of the Interior, State, and Agriculture felt that Congressional approval of the adjustment program could not be secured at this time; that in view of a developing shortage in Cuban reserves, it was considered undesirable to plan a large-scale reduction of Philippine acreage; and that the Export-Import Bank would proceed with negotiations for a loan.

The intervention of the war prevented further consideration of either the loan or the adjustment plan. On December 15 Secretary Ickes addressed the following letter to the High Commissioner:

THE SECRETARY OF THE INTERIOR,
Washington, December 15, 1941.

HON. FRANCIS B. SAYRE,

*United States High Commissioner to the Philippine Islands,
Manila, P. I.*

MY DEAR MR. SAYRE: I have received your air-mail letter of December 1 forwarding a suggested draft of legislation to relieve the Philippine sugar industry. Your previous letter of November 13 and your radiogram of November 22 were given careful consideration in this Department and were the subject of various conferences with representatives of the Departments of State and Agriculture and of the Export-Import Bank. The conclusions which were reached as a result of these conferences were forwarded to you by the Director, Division of Territories and Island Possessions, in his radiogram (No. 711) dated December 6.

The events of the last few days have made it impossible for the time being to give these questions any further consideration. However, I have forwarded copies of your letter of December 1 and its enclosures to the Secretaries of State and Agriculture in order that your views may be available to those Departments when it becomes possible to consider these questions.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

ESTABLISHMENT OF WELFARE AND WHEREABOUTS SECTION

During the interval between the first attack on the Philippines on December 8 and the occupation of Manila on January 2, many American civilians were moving from one place to another seeking safety for themselves and their families. Heavy bombing in the residential areas of Pasay adjacent to Nichols Air Field had driven many to Manila or to other suburbs not close to military objectives. Some went or sent their families to places in the country which they believed safer than Manila.

It was felt that American authorities should, insofar as possible, be able to contact American civilians if the exigencies of the situation demanded it. It was also clear that, if the islands continued to be held for any considerable period of time, it would be highly desirable to utilize available civilians for emergency work. Many American businesses virtually ceased operations after the war started and owners and employees were eager to help in any way they could.

The staff of the Office of the High Commissioner was working to the limit of its capacity. It so happened, however, that there were a number of Foreign Service officers, caught in Manila as passengers on a ship, detained when the war broke out. These officers offered their services and, accordingly, an informal arrangement was made under which the American consulate in Manila formed a "Welfare and Whereabouts Section" staffed by Foreign Service officers Samuel Sokobin, Karl L. Rankin, Horatio Mooers, and Filipino clerks.

This section originally functioned as a part of the consulate but, at the suggestion of the Department of State, subsequently was considered a part of the Office of the High Commissioner, the personnel being detailed for that purpose. Although the section was not in operation long its work was of real value. A considerable part of the American colony was classified on card indexes and a number of men with special qualification were located and assigned to emergency work of various kinds. Several assisted the Coordinator of Enemy Alien Property in connection with requisitioning of enemy goods by the armed forces and the Civilian Emergency Administration. Arrangements were made for notification to Washington of casualties among the American civilian population but fortunately there were very few.

RELATIONS WITH FOREIGN CONSULAR REPRESENTATIVES

Relations with foreign consular officers stationed in the Philippines continued to be, on the whole, amicable up to the outbreak of the war. The Office of the High Commissioner was in frequent contact with foreign consulates in Manila, especially the Chinese and Japanese, because of the important Chinese and Japanese financial interests in the islands, in connection with the administration of foreign funds control and export control.

Pursuant to order of June 16, of the President of the United States, the German consulate in Manila was closed on July 9 and the Italian consulate on July 10. The German consul, together with members of his staff and families, totaling eight persons, sailed for Shanghai on July 16 on the steamship *d'Artagnan*. Their departure was delayed 6 days beyond the time limit set by the President's order by rains which delayed loading of the vessel. The Italian consul, accompanied by his chancellor, the only member of the consul's staff, sailed for Shanghai on July 19, on the steamship *Dona Nati*. Their departure was delayed by rains 4 days beyond the time limit set by the President's order.

Immediately upon the outbreak of war the staff of the Japanese consulate general in Manila and their families were placed under surveillance by United States military authorities and confined to the consul general's residence. While no reports on the subject were

received by the Office of the High Commissioner, it may be assumed that similar action was taken with respect to the Japanese consulate in Davao, the only other Japanese consular office in the Philippines. Communication between the two offices was not permitted.

The surveillance and internment of enemy aliens was regarded as a military rather than a civil function and, therefore, was not primarily a responsibility of the High Commissioner. Members of his staff, however, advised the military authorities concerned and assured themselves that the treatment accorded the Japanese consular personnel and other enemy aliens was equitable and in keeping with international usage. On several occasions during the interval between the outbreak of war and the occupation of Manila by Japanese forces members of the staff of the High Commissioner visited the Japanese consul general in Manila with a view to making certain that the consulate staff and their families were being appropriately treated and taking up with him matters concerning the internment of Japanese civilians and the supervision of their properties in Manila.

Shortly after the outbreak of war, the honorary Swiss consul in Manila, Mr. Albert Sidler, assumed charge of Japanese interests. On December 27, 1941, he reported to the Office of the High Commissioner that he had received the following radiogram from the Swiss Legation in Washington:

Please inform us as to fate of diplomatic and consular personnel and of Japanese residents and measures applied to them by American Government and authorities in Philippines and Samoa, particularly concerning difference of treatment before and after war. Legation desires also in future to be kept regularly informed as to condition of afore-mentioned persons and eventual modification.

Immediately upon being notified by Mr. Sidler that he had received this cable a member of the staff of the High Commissioner went with him to inspect the Japanese consul general's residence and all other premises where Japanese nationals were detained in the Manila area. These visits were made on December 27 and 28. Mr. Sidler stated that upon completion of his inspection he dispatched the following message to the Swiss Legation in Washington:

The Japanese diplomatic and consular corps safe and well at consul residence. Civilians in refugee centers partly protective custody, partly volunteer confinement. Visited the evacuation places Manila and surrounding and all well treated and satisfied. According our observations American and Commonwealth authorities doing everything possible safeguard Japanese lives and property. Philippine Red Cross arranging hospital care. Authorities intending release majority except dangerous cases. Do not know of different treatment before war except export and financial control conform United States laws. Will report treatment of released persons later. Impossible obtain information Samoa.

During December members of the High Commissioner's staff worked in close cooperation with consular officers in Manila of neutral and friendly countries in their efforts to protect the interests of their nationals.

There were at the outbreak of the war 6 foreign countries represented in the Philippines by career consular officers, 20 foreign countries represented in the Philippines by honorary consular officers, and 1 represented by a consular agent. The foreign countries represented by career consular officers were China, France, Great Britain, Japan, the Netherlands, and Spain. The foreign countries represented only by honorary consular officers were Argentina, Colombia, Costa Rica, Czechoslovakia, Denmark, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Norway, Panama, Peru,

Poland, Portugal, Sweden, Switzerland, Thailand, and Venezuela. Cuba was represented by a consular agent.

SUPERVISION OF ENEMY PROPERTIES

Upon the outbreak of war in the Philippines a critical situation, requiring immediate attention, existed with respect to property owned by enemy aliens. In accordance with plans previously perfected the Philippine Constabulary, acting under instructions from the United States military authorities, rounded up and interned Japanese residents, beginning early in the morning of December 8. The Japanese, as well as other enemy aliens who were interned soon thereafter, were placed under guard in clubs and other suitable buildings.

As enemy aliens were taken into custody very rapidly, neither the Government nor the aliens themselves had time to make arrangements for having their property looked after and guarded. The High Commissioner immediately assigned a member of his staff to each of the two Japanese banks in Manila. Other Japanese properties, however, were for the most part as their owners left them. The greater number were simply locked by the owners before being taken away, while some were boarded up or locked by the constabulary after the owners left. In a few cases, chiefly the larger establishments, regular watchmen or other Filipino employees continued to look after the property.

Immediately after the outbreak of war consultations were held by the Office of the High Commissioner with representatives of the United States Army and the Commonwealth Government in regard to the policy to be adopted with respect to enemy properties. Supervision over such properties affected foreign affairs so directly that primary responsibility seemed to rest with the United States Government and, consequently, it was agreed that the Office of the High Commissioner should take such action as was necessary and practicable pending the enactment of legislation on the subject. The Commonwealth Government, however, agreed to continue to provide police protection insofar as it could under existing circumstances.

Although there existed at the time of the outbreak of war no legislation providing for an alien property custodian or equivalent office, the laws and regulations relating to foreign funds control provided sufficient authority for the performance of many of the functions of an alien property custodian. The powers of the High Commissioner with respect to alien-owned properties were greatly extended on December 19 by the delegation to him, for the purpose of dealing with the Philippine situation, of all powers conferred upon the President of the United States by sections 301 and 302 of the First War Powers Act, 1941 (Public, No. 354, 77th Cong.).

The supervision of enemy properties was handled as an adjunct of foreign funds control under the supervision of Mr. Woodbury Willoughby, financial expert on the staff of the High Commissioner. He was fortunate in having to assist him a competent staff, comprised largely of officers detailed to Manila by the United States Treasury Department, which had been engaged for some months on concentrated work involving supervision of the financial transactions of aliens. The disruption of business in the Philippines caused by the impact of war was so great that the bulk of the staff engaged in foreign funds control could be assigned to emergency work in connection with the supervision of alien properties.

By far the most important enemy-owned or enemy-operated properties in the Philippines were Japanese. Outstanding among these were the abaca plantations in Davao where the bulk of the Japanese residents of the Philippines were located. Aside from several lumber companies and a number of stores scattered in various parts of the Archipelago, most of the remaining Japanese holdings of substantial size were in Manila. These included two banks, a large brewery, a club, a hospital, a school, and a considerable number of stores and small manufacturing establishments.

From the beginning of the war the military situation precluded effective action looking to the supervision of Japanese properties distant from Manila. Reports were received for several days from Davao which indicated that Japanese residents were placed under surveillance quietly but the city was occupied by Japanese troops a few days later. Only fragmentary reports were received from other outlying areas but it may be assumed that enemy properties in such localities were looked after by local civil authorities or by the constabulary.

In Manila, Messrs. R. B. North and A. E. Price, bank examiners who had been detailed to the Office of the High Commissioner by the United States Treasury Department in connection with foreign funds control, were immediately assigned to the two Japanese banks. They reached the banks on the morning the Philippines were attacked (December 8), well before the banks were scheduled to open for business, and took charge of records and other property. No banking business was conducted in either bank subsequent to the outbreak of war and it is believed that the principal, if not the only, disbursement of funds of the banks were for salaries of minor Filipino employees. These disbursements were made after consultation with, and after the receipt of prior approval from, the senior officers of the banks.

Other work in connection with the supervision of enemy property was divided into two main branches; first, the requisitioning of enemy-owned goods by the armed forces and other government agencies and, second, the custody and administration of enemy properties.

Requisitioning of enemy-owned supplies.—The requisitioning work was placed under Mr. James J. Saxon who was designated, for the purpose, Coordinator of Enemy Alien Property. Mr. Saxon had been detailed to the Office of the High Commissioner by the United States Treasury and had been engaged in foreign funds control work in Manila for several months.

The first task of the Coordinator of Alien Property was to locate stocks of perishable foodstuffs owned by enemy aliens and to take steps to prevent spoilage. This was important not only to minimize losses by the owners but also to conserve supplies that would be badly needed if the Philippines were blockaded for a protracted period. In order to handle the matter as expeditiously as possible, arrangements were made for the Civilian Emergency Administration to requisition and dispose of all foodstuffs found in enemy-owned premises.

At the same time steps were taken to locate and make available any supplies needed by the armed forces, arrangements being made for the United States Army and Navy to requisition all needed enemy-owned supplies. In handling requisitions, both by the Civilian Emergency Administration and by the armed forces, every effort was

made to maintain records of goods requisitioned as complete as was practicable under the circumstances. It was required that all goods requisitioned be sufficiently identified to make possible an accurate appraisal at a later date of their value. They were delivered against receipts executed in quadruplicate by a duly authorized officer or official of the requisitioning authority. One copy of the receipt was retained by the requisitioning authority and the remaining three kept by the High Commissioner's office for accounting and filing purposes.

From the outset about 20 people were engaged in this work. The organization comprised five sections as follows:

1. The Inventory Section, the function of which was to secure detailed information of supplies available in enemy-owned stores and other properties. After examining alien property census reports (TFR-300) trips were made to premises which seemed likely to have supplies which would be requisitioned. A start was made toward assembling, from among civilians in Manila, specialists in various lines who could be relied upon to describe accurately goods which were requisitioned. In some cases a representative of the United States Army or Navy accompanied the representative of the High Commissioner's Office in order that he might see precisely what was available. Surveys of this nature covered foodstuffs, machinery, and other types of goods.

2. The Receiving Section, the functions of which were: (a) To receive requests for requisitions by hand, by mail, and by telephone; (b) to execute requisition forms; (c) to maintain a register of all requisition orders and requisitions delivered; (d) to insure that requisition orders were filled in the order of their urgency; and (e) to supervise clerical detail generally.

3. The Transportation Section, the function of which was to receipt requisition orders from the receiving desks and to collect and deliver goods ordered to be requisitioned. The first step taken by this group was to obtain, wherever possible, keys to enemy-owned establishments. In many cases the keys were in the hands of the constabulary and United States Army officers who had been in charge of rounding up enemy aliens. In other cases it was necessary to break open buildings and provide new locks.

In order to avoid any possible interference with military operations, which required the use of all trucks available to the army, the Transportation Section made use of enemy-owned trucks to transport requisitioned goods to the delivery points specified by the requisitioning authority. The Transportation Section was instructed to keep a record of trucks so used with a view to furnishing a basis for computations of rentals due to the owners.

On December 24, the date when the High Commissioner left Manila for Corregidor, there were six truck crews operating and, so far as known, deliveries were being made to the United States Army, the United States Navy, and the Civilian Emergency Administration. These materials comprised chiefly medical and biologic supplies, surgical equipment, various textiles, office equipment, cameras, lenses and other photographic materials, and machinery.

4. The Accounting Section, the function of which was to establish and maintain suitable books of record and account. An appropriate accounting procedure was worked out and the necessary ledgers ordered but the actual accounting procedure was never put into

effect because it was necessary to use most of the accounting personnel for more urgent work up to the time that the requisitioning work was suspended.

5. The Filing Section: Although a filing system was set up the work did not continue long enough for voluminous files to accumulate.

Custody and administration of enemy properties.—The second part of the task of administering enemy property embraced its custody and administration. This part of the work was placed under the charge of Mr. Frederick H. Noble, who was designated by the High Commissioner Administrator of Enemy Alien Property. Prior to the outbreak of war Mr. Noble had been in charge of the Export Control Division of the Office of the High Commissioner. His duties, insofar as existing law permitted, were such as would fall within the scope of an Alien Property Custodian if and when such an office should be created.

The most immediate problem of the Administrator of Enemy Alien Property was to locate enemy properties and to determine what to do with them. Shortly after the war began reports were received of looting of Japanese stores and a survey was made to determine the accuracy of the reports. The survey revealed that while most Japanese properties appeared to be secure there were a number of stores which evidently had been broken into. Inasmuch as a large amount of housebreaking and pilfering in Manila took place even in peacetimes it was evident that under war conditions the police would be unable to afford adequate protection for unwatched premises. Conversations with the appropriate Army and civilian government officials indicated that no additional personnel could be spared for the guarding of enemy properties; and it was decided, therefore, that special watchmen would have to be organized and employed for the purpose. A special section to handle this work was set up by the Administrator of Alien Property; but before suitable watchmen could be hired and assigned it became evident that Manila would fall into the hands of the Japanese and conditions became so unsettled that the plan had to be abandoned. A list of important enemy properties was sent to the mayor of Greater Manila with a request that they be afforded immediate special police protection.

Preliminary consideration was given to the advisability of reopening and operating certain Japanese enterprises. Officials of the Commonwealth Government expressed the view that certain Japanese business and agricultural enterprises could most advantageously be operated by agencies of the Commonwealth Government and a note was received from the Japanese consul general in Manila (who was under guard in his consulate building) suggesting that leaders of the Japanese community be consulted in connection with any plans to administer Japanese-owned properties. Before any concrete action was taken, however, it became evident that Manila would fall into the hands of the enemy. There were one or two cases of minor importance where livestock and fowl were removed to Commonwealth agencies and cared for in order to prevent them from starving when their owners were taken into custody.

Location of offices of Coordinator of Enemy Alien Property and Administrator of Enemy Alien Property.—Before it was known that the United States forces would not be able to hold central Luzon, steps were taken to obtain for the staff concerned with the supervision of

enemy properties more adequate office space than was available in the building of the Office of the High Commissioner. For this purpose the Commonwealth Government generously placed at the disposal of the High Commissioner a considerable amount of space in the new Agriculture and Commerce Building which is conveniently located near the High Commissioner's Office. Furniture and equipment were transferred to the new office on the 20th of December. As noted elsewhere in this report, however, the military situation deteriorated so rapidly that shortly after Christmas, when it was evident that Manila would fall into the hands of the enemy, in order that the staff of the High Commissioner in Manila might be all together when the Japanese troops entered the city, the offices concerned with the supervision of alien properties were moved back from the Agriculture and Commerce Building to the High Commissioner's Office building. While no definite information on the subject is available, it seems possible that some or all of the records pertaining to the supervision of enemy properties may have been destroyed, by members of the staff remaining in Manila, with other records of the Office of the High Commissioner in order to prevent them from falling into the hands of the enemy.

PROGRAM FOR SAFEKEEPING OF CURRENCY, GOLD, SECURITIES AND
OTHER VALUABLES

United States currency, bonds, and Treasury checks accepted for safekeeping.—When it became evident, soon after the beginning of the war, that the Japanese were likely to occupy large parts, if not all, of the Philippines, steps were taken to protect the owners of United States Government securities, United States Treasury checks, and United States currency and to prevent their property from falling into the hands of the enemy. Pursuant to authorization received by radio from the United States Treasury Department, the High Commissioner announced by press release issued on December 23, 1941, (see appendix Q) that he would accept for safekeeping for the duration of the national emergency United States Government securities, checks, and currency. He stated in the release that in the event of the destruction of securities, checks or currency so deposited, if the evidence was satisfactory and acceptable to the Secretary of the Treasury, and subject to all applicable law, substitute securities, checks or currency or check in payment would be issued by the Treasury Department and be held for the account of the depositor or delivered to a bank, corporation, or individual in the United States designated by the depositor.

The program was placed under the supervision of Mr. Woodbury Willoughby, financial expert on the staff of the High Commissioner. At his request, the Manila branch of the National City Bank of New York made available space and personnel in its building in the financial district and deposits were accepted beginning at 10 a. m., December 23. Mr. F. C. Bailey of the National City Bank was in charge of this office and rendered highly efficient and valuable service under extremely trying conditions. All deposits accepted by Mr. Bailey up to noon on December 24 were taken to Corregidor by Mr. Willoughby.

When the High Commissioner and the skeleton staff which he took with him left Manila for Corregidor on December 24, it was believed that the Japanese might break through and occupy Manila at any time. Moreover, there was no assurance that transportation could

be obtained to send to the High Commissioner any deposits which might thereafter be accepted. For the following day or two, therefore, Mr. Bailey discontinued accepting such deposits. Later, however, it became evident that the Japanese were not going to occupy the city immediately and small vessels continued to make the run at night between Manila and Corregidor safely. Consequently, Mr. Bailey recommenced accepting deposits and it is believed that all these later deposits reached Corregidor in good order.

On Corregidor it was found that a considerable number of the armed forces, as well as civilian employees of the United States Army and Navy stationed there, had United States currency and United States Treasury checks which they wished to deposit for safekeeping and, therefore, the program was continued on the fortress up until the time the High Commissioner and his party were evacuated to the United States.

In these cases, as well as in the case of deposits accepted in Manila, affidavits and receipts were executed in multiple counterparts in order that they might be dispatched to the United States by separate means if and when opportunities to do so arose. It was hoped that by this procedure at least one counterpart of each would reach the United States safely. Inasmuch, however, as it seemed unlikely, during the first several weeks at Corregidor, that there would be any opportunity to dispatch documents to the United States, the essential information contained in the affidavits was sent by radio. Subsequently, it proved possible to send the counterparts of the affidavits by submarine and ultimately these reached Washington safely.

United States Treasury checks held by Philippine Treasury: A difficult situation arose in connection with United States Treasury checks which had been presented to the Philippine Treasury for payment. The Philippine Treasury acted as agent for the United States Treasury in this respect and had some 18,000 checks totaling nearly \$38,000,000 which had been paid but not sent to the United States for credit to the account of the Philippine Treasury with the United States Treasury. A considerable part of these checks had been placed in the post office but, owing to the outbreak of the war, had not been sent to the United States. The greater number, on the other hand, were still held in the Philippine Treasury and had not been sorted and recorded for mailing. The Commonwealth Government wished to deposit them with the High Commissioner in order to be able to determine after the war the amount of money owed to it by the United States Treasury on account of these checks.

Originally it was hoped that it would be possible to make a careful record of these checks in a manner similar to those made with respect to United States Treasury checks deposited by private individuals, but the military situation deteriorated so rapidly that only part were recorded and the remainder boxed and sent to Corregidor. Mr. Horatio Mooers, a United States Foreign Service officer who was in Manila on the way to his post when the war broke out, rendered valuable service in assisting the Philippine Treasury to prepare and turn over to the Office of the High Commissioner for safekeeping the United States currency and United States Treasury checks which it had on hand.

In order to enable the Commonwealth government, after reoccupation of the Philippines, to establish as closely as possible the amount owed to it in reimbursement of United States Treasury checks cashed by the Commonwealth treasury, it was decided that an effort should be made on Corregidor to complete the recording of the checks and radio the results to the United States. This proved to be a very time-consuming task. Possibly owing to the bombing of the treasury, which is reported to have done considerable damage and killed and injured a number of persons who were in the building at the time, some of the checks and papers relating to them were missing. Also, in bringing the boxes containing the checks to Corregidor in a small vessel, two of the three boxes had become soaked with water which rendered the contents difficult to read and, in some cases, illegible.

As the limited staff of the High Commissioner on Corregidor was fully occupied with other duties, the United States military authorities made available for the task a group of finance department men under the command of Lt. Col. William A. Enos, who were not urgently needed at the time for military duty. These men devoted several weeks to the work. They labored under great difficulties, subject to frequent interruptions by bombing and shelling. They audited the records prepared in Manila and completed the records which the Philippine Treasury had not been able to complete. They made it possible to radio a summary to Washington and, subsequently, to send out by submarine a complete list giving information needed by the United States Treasury to identify the checks and to use as a basis for determining the amount eventually to be credited to the Philippine Treasury's account with the Treasurer of the United States for the United States Treasury checks which it had paid.

Valuables taken to prevent them from falling into the hands of the enemy.—As has been noted above, the United States currency, United States Government bonds, and United States Treasury checks were accepted for safekeeping from persons (including the Philippine Treasury) who voluntarily deposited them with the Office of the High Commissioner with the understanding that, in the event of destruction, they would be reissued by the United States Treasury or restitution made therefor. Subsequently, the High Commissioner was given authority to take and, if necessary, destroy, specified types of private property in order to prevent them from falling into the hands of the enemy. On December 27, the High Commissioner received radio advice from Washington (see appendices R and S) that there had been delegated to him, for the purpose of dealing with the Philippine situation, all of the powers and authority conferred upon the President of the United States by sections 301 and 302 of title III of the First War Powers Act, 1941 (Public, No. 354, 77th Cong.). These powers were very broad, including the power to take over for safekeeping and destruction any reserves or assets in or with banks, brokers, safe-deposit companies, insurance companies, or elsewhere, including any form of currency, coin, bullion, securities, drafts, checks, negotiable papers, et cetera. The High Commissioner was authorized to take whatever steps he deemed necessary to prevent such assets from falling into the hands of the enemy.

Collection and transportation of valuables to Corregidor: When this authorization was received it was known that Manila would fall to the enemy and the High Commissioner and part of his staff had already transferred to Corregidor. However, members of his staff who remained in Manila, and with whom the High Commissioner still maintained telephonic communication, assisted by Commonwealth officials and officers of Manila banks, were able to secure the bulk of the cash and securities owned or held by Manila banks on behalf of customers, as well as a considerable volume of other valuables, including most of the gold bullion which had been produced by Philippine mines within the preceding few weeks but which had not yet been shipped to the United States because of the outbreak of the war.

The work of collecting in Manila and transporting to Corregidor the valuables acquired under authority of the First War Powers Act was performed under unusually trying conditions with very frequent interruptions from air raids and air-raid alarms. The goods collected were loaded from docks subject to constant bombings and in complete black-outs amidst extreme confusion caused by last-minute attempts to remove to Bataan and Corregidor everything which might be needed during a siege. The valuables were carried to Corregidor at night in a number of small vessels carrying supplies of all kinds to the military forces. The greater part were brought over by Mr. T. Page Nelson, United States Treasury official detailed to the Office of the High Commissioner, at considerable danger to himself. It is believed that despite manifold difficulties, all valuables received on behalf of the High Commissioner, including both those accepted under the original safe keeping program as well as those taken under authority of the First War Powers Act, reached Corregidor safely.

In addition to the valuables received by the Office of the High Commissioner in Manila a considerable number of gold bars were brought over in small boats by representatives of the mining companies which had produced them. These were accepted on behalf of the High Commissioner without assuming liability for their safe-keeping and were handled in the same manner as other gold which was obtained in Manila.

The Office of the High Commissioner also took custody of assets of a small branch bank maintained by the Philippine Trust Co. on Corregidor. The branch had been closed and the person operating it had left for Manila shortly after hostilities broke out. The cash on hand had been placed in a safe belonging to the United States Army which had been loaned for the purpose to the bank by the quartermaster at Fort Mills. Pursuant to an agreement reached between the High Commissioner and Maj. Gen. George F. Moore, commanding officer, Fort Mills, Corregidor, the safe was broken open by Lt. Col. H. S. Olson, Finance Department, United States Army, and James J. Saxon, head commercial specialist, United States Department of the Treasury, attached to the Office of the High Commissioner, and the contents of the safe, together with other records of the bank, delivered to the custody of the Office of the High Commissioner.

On Corregidor all valuables acquired by the Office of the High Commissioner were placed in a vault on a reservation belonging to the Commonwealth Government. This reservation held a number of vaults, of which all except one were used by the Commonwealth, chiefly to store silver currency reserves and certain Philippine cur-

rency brought to Corregidor when the President of the Philippines and his party evacuated Manila. The vaults were securely locked when not in use and were guarded by United States soldiers who were quartered on the reservation.

Inventorying of valuables taken in custody by the Office of the High Commissioner: The valuables and securities taken to Corregidor were in many cases collected in such haste that there was not time to make proper records. This applied particularly to the securities obtained from the Manila banks, a large proportion of which were received in boxes with no inventory. The gold bars for the most part were without adequate record of their ownership or value. All had been handled in the dark and placed in the Commonwealth Treasury reservation under conditions which precluded the possibility of accurate checking.

During the early days on Corregidor the extremely heavy air raids on that fortress and the determined attacks by the enemy in Bataan raised a question as to whether our forces would be able to hold out more than a short while. At that time it seemed probable that there would be no opportunity to send the gold and securities to the United States and that, in order to prevent them from falling into the hands of the enemy, they would have to be destroyed. If these valuables were so destroyed the owners in many cases would in all probability have difficulty after the war in establishing proof of their claims.

To meet this situation, an intensive effort was made to inventory, as rapidly as possible, the material brought to Corregidor with a view to radioing to Washington so much of the information as practicable and sending out the remainder by any means that might later be available. For nearly 6 weeks Mr. Willoughby, assisted by Mr. Saxon of the United States Treasury Department and other members of the party which had accompanied the High Commissioner to Corregidor, were engaged in this task, which involved the counting of many millions in paper currency and the listing of details concerning tens of thousands of securities. During the opening weeks the work was done chiefly at the vault. Working conditions there were difficult, however, since as a result of bombing, the electric lights were out of commission much of the time and few oil lamps were available. The vault was often crowded with soldiers seeking shelter from bombing raids and the air was extremely bad. Moreover, on making trips to and from the reservation members of the staff were, on a number of occasions, caught without shelter and exposed to considerable danger by bombing raids and shelling.

After the first several weeks, therefore, currency and securities were brought in small batches to the Malinta tunnel, where the staff lived, and counting and inventorying was done on beds and makeshift office equipment. By the first week in February most of the work of counting and inventorying had been completed, and sufficient information to identify each security or other valuable and its owner was transmitted to the United States either by radio or by written record sent by submarine.

Recording and destruction of paper currency: The valuables obtained under the authority of the First War Powers Act comprised paper currency, securities, gold bullion, and a few miscellaneous articles. The paper currency consisted of \$2,741,225⁹ United States currency

⁹ See footnote on p. 54.

and ₱28,375,420⁹ Philippine currency. Of these amounts, \$2,420,485 belonged to the Commonwealth Treasury, \$281,485 and ₱27,374,000 belonged to Manila banks and the balance was the property of various private individuals.

The largest single item of paper currency was one of ₱19,900,000 obtained from the Manila Clearing House Association which represented balances of member banks. This currency was turned over to the representatives of the Commonwealth Government on Corregidor, at their request, on February 20, as it was believed that it might be needed to pay the Army or for other governmental purposes if organized resistance in the Philippines should continue for some months. Notice of the transaction was sent by radio to the United States Treasury Department which transferred the dollar equivalent of ₱19,900,000 (\$9,950,000) from an account of the Philippine Treasury with the United States Treasury to a new account of the Philippine Treasury earmarked as being held for account of the Manila Clearing House Association. Ultimately it developed that this money was not needed by the Commonwealth Government and it is reported to have been destroyed on Corregidor before the fortress capitulated to the Japanese.

With the exception of relatively small amounts involving minor transactions at Corregidor and currency found in the Fort Mills branch of the Philippine Trust Co., the remainder of the paper currency held by the Office of the High Commissioner was destroyed by burning before the High Commissioner and his staff were evacuated to the United States.¹⁰ The count of the various deposits, as certified by the owners, was first verified and, so far as practicable, lists made showing the types and denominations of currency. The names of the owners and total amounts were in each case radioed to Washington and more detailed information sent by letter before the currency was actually destroyed.

The burning of the paper money was effected by a committee especially appointed by the High Commissioner for the purpose, consisting of representatives of the Office of the High Commissioner, the United States Army, and the Commonwealth Government.¹¹ The money was burned in three batches. On January 14, the committee incinerated 15 cases of United States currency belonging to the Commonwealth Treasury with a value of \$2,041,000.¹² On February 15, the committee incinerated 28 packages of United States and Philippine currency containing \$319,921¹³ and ₱27,372,120¹⁴ belonging to Manila banks and private individuals. On February 21 and 22 the committee incinerated 3 cases of United States paper currency containing \$202,441 and ₱61,488 which belonged to the Commonwealth Treasury.¹⁴

⁹ These figures include relatively small amounts obtained under the original program under which private individuals voluntarily deposited currency with the Office of the High Commissioner for safekeeping.

¹⁰ Currency found in the Fort Mills branch of the Philippine Trust Co. was left in the custody of General MacArthur who undertook to see that it was destroyed before Corregidor capitulated to the enemy.

¹¹ Mr. E. D. Hester, economic adviser of the High Commissioner, Mr. James J. Saxon, officer of the United States Treasury Department detailed to the Office of the High Commissioner, Col. Howard Smith and Lt. Col. Sidney S. Huff of the United States Army, and Lt. Col. Manuel Nieto of the Philippine Army.

¹² This figure was supplied by the Commonwealth Treasury.

¹³ The original contents of these packages had been \$320,421 and ₱27,374,120, but were reduced by \$500 and ₱2,000 as a result of telegraphic arrangements with the United States pursuant to which payments were made to certain individuals on Corregidor from the funds of one of the banks against payments made for their account to the New York office of the bank in question.

¹⁴ The original contents were \$379,185; \$30,744 which were needed by military authorities and others on Corregidor were exchanged for pesos. For like reasons \$146,000 were given to military and naval authorities on Corregidor in exchange for checks drawn upon the United States Treasury in favor of the Commonwealth Treasury.

In each case certification by the committee of the destruction of the currency was dispatched to the United States by radio and subsequently was confirmed in writing. It is understood that consideration is being given to procedures which will result in the reimbursement of the rightful owners of the destroyed United States currency, and it is assumed that the Commonwealth Government ultimately will make similar arrangements with respect to Philippine currency.

Weighing and recording of gold bullion: Gold bars totaling approximately 10,800 pounds were obtained by the Office of the High Commissioner from several sources. Nearly two-thirds of these had been placed in the registered mail in Manila to be sent to the United States, but owing to the outbreak of war had not left Manila. Other substantial amounts were turned over by banks, and some gold was received from private individuals on behalf of mining companies.

During the first few weeks on Corregidor, it seemed unlikely that it would be possible to get the gold out to the United States and, consequently, it was expected that the gold eventually would have to be hidden or sunk in the sea in order to prevent it from falling into the hands of the enemy. As no inventories were received with the gold, every effort was made to record all identifying marks which might be useful in the event of the owners' seeking to establish their ownership at some future date. In each case it was possible to determine the producing mine as Philippine mines use molds which leave distinguishing initials on the bar. Other data such as the name of the person or institution delivering the gold to the Office of the High Commissioner and, where available, post office registration numbers and senders and addressees were recorded; and an effort was made to ascertain the approximate weight of each bar. The scales used, however, were not accurate, and there was no way of determining the fineness of each bar. All available information was sent to the United States by radio and by submarine mail.

Listing of securities obtained under First War Powers Act: The securities received by the Office of the High Commissioner are chiefly the property of the following Manila banks and brokerage firms:

Banks:

- Agricultural & Industrial Bank.
- Bank of the Philippine Islands.
- Chartered Bank of India, Australia & China.
- China Banking Corporation.
- Hong Kong & Shanghai Banking Corporation.
- Monte de Piedad.
- National City Bank.
- Nederlandsch Indische Handelsbank.
- Peoples Bank & Trust Co.
- Philippine Bank of Communications.
- Philippine National Bank.
- Philippine Trust Co.

Brokerage firms:

- Ovejero & Hall.
- Swan, Culbertson & Fritz.

The above banks include all Philippine banks except the postal-savings bank, the two Japanese banks (Yokohama Specie Bank and Bank of Taiwan), a small mortgage bank (Banko Hipotecario Filipinos), a small commercial bank (Bank of the Commonwealth) which had recently changed from a savings bank, and one other small commercial bank (Philippine Bank of Commerce). The amount of securi-

ties held by the latter banks for the account of customers would be relatively small.

The nature of the securities obtained from the several Manila banks varied considerably. For the most part, however, they were held by the banks for the account of customers or held as security for loans. In many cases they were accompanied by other papers pertaining to the account. Although there were some United States and other foreign securities, the bulk were certificates of stock in Philippine companies, chiefly mining companies. Tens of thousands of certificates of stock were received covering many millions of shares.¹⁵ At the present time the Philippine securities probably have little value, but when the islands are reoccupied by United States forces the value to their owners may be great.

Dispatch of valuables by submarines to the United States.—Contrary to previous expectations, early in February, as a result of radios exchanged between the High Commissioner and Admiral Hart, an opportunity developed to dispatch bullion and other valuables to the United States on an American submarine. This ship which carried certain military supplies to Corregidor could conveniently take on its return trip an equivalent weight of bullion as ballast as well as a limited amount of other cargo.

The submarine arrived at Corregidor on the evening of February 3. As the night was dark and the likelihood of being seen by the enemy not great, she was brought to one of the piers at Corregidor. She did not complete discharging her cargo until midnight and it was necessary that she leave the dock an hour or so before dawn. Most of the staff of the High Commissioner with the assistance of a Navy work crew spent the greater part of the night loading the gold bars into automobiles and taking them to the pier to be transferred to the submarine.

Owing to the limited time available and the necessity of working in a complete black-out it was not possible to check each bar by identifying marks as it was removed from the vault; however, the number of bars was checked and members of the staff were so stationed that all gold was in sight of one or more of them at all times until loaded on the submarine. The entire amount of gold held by the Office of the High Commissioner, as well as certain bullion and currency held by the Commonwealth Government, as described below, was loaded well before daybreak.

Arrangements were made for loading the securities held by the Office of the High Commissioner on the following night. In order to avoid detection by the enemy, the submarine lay on the bottom of Manila Bay, off Corregidor, all day. Early in the evening of February 4, the cases and bags of securities were loaded on a small Navy tender and taken to a prearranged rendezvous where they were placed on board the submarine. Thus ballasted with many millions in bullion and securities, the submarine made safe its escape and ultimately delivered the entire shipment to another naval vessel which delivered it intact in the United States. Careful audits which were made after the arrival of the valuables in the United States and compared with inventories prepared on Corregidor indicate that every ounce of gold and every security accepted by the Office of the High Commissioner for safekeeping, or taken on behalf of the High Commissioner under authority of the First War Powers Act, reached the United States

¹⁵ Mining shares in the Philippines are customarily of very small par value.

safely.¹⁶ All valuables sent to the United States by the Office of the High Commissioner have been taken in custody by the United States Treasury Department.

BULLION AND CURRENCY HELD BY COMMONWEALTH GOVERNMENT ON CORREGIDOR

In addition to the valuables taken to Corregidor by the Office of the High Commissioner, a large amount of gold, silver, and paper currency was held there by the Commonwealth Government and was never turned over to the Office of the High Commissioner for safekeeping. The gold and silver, which served as currency reserves, were on Corregidor, in the Philippine Treasury reservation on that Island, before the war started. The gold comprised 269 bars with an indicated weight of 1,343,493.95 grams and was derived from the melting of \$805,410 face value of United States gold coins held by the Commonwealth Government at the time of the devaluation of the dollar in 1933. The silver was in the form of 1-peso coins with an aggregate face value of ₱16,422,000. There were several small pieces of gold and silver in addition to the above. All of the gold and a large amount of 1-peso coins were loaded under the supervision of Commonwealth officials, headed by Vice President Osmeña, and were sent to the United States as ballast on the same submarine which carried the gold held by the High Commissioner.

It is believed that the Philippine paper money in the Treasury reservation was brought to Corregidor by the Commonwealth officials who accompanied President Quezon when he was evacuated from Manila. It appears from records supplied by the Commonwealth Government that there was, early in January 1942, ₱78,261,825 in Philippine paper currency of various denominations held by the Commonwealth in its vaults on the Treasury reservation. This was subsequently increased by ₱19,900,000 clearing house funds, as noted above, making a total of ₱98,161,825.

Twenty million pesos, all in Philippine Treasury certificates of ₱500 denomination, are reported to have been burned on January 19 and 20, 1942, on Corregidor by a committee designated by the President of the Philippines.¹⁷ On January 21, 1942, it is reported that ₱500,000 were withdrawn from the Treasury reservation and placed at the disposal of Mr. S. D. Canceran, special disbursing officer, Office of the President of the Philippines, to be disbursed by him for the purpose of paying the salaries and wages of officers, employees, and laborers of the Government, and for such other purposes as might be legally authorized. A message received from Corregidor in April indicates that prior to the capitulation of the fortress ₱50,097,925 in Philippine paper currency which was in the Treasury vaults was destroyed as well as ₱1,000,000 which was in a safe in the former Office of the President of the Philippines at Fort Mills, Corregidor.

¹⁶ An insignificant exception to this statement exists with respect to certain bulky items, notably unissued bonds of the Commonwealth Government and one of its agencies, and original records of the Fort Mills branch of the Philippine Trust Co., which it was felt unnecessary to send to the United States. These were left on Corregidor with General MacArthur who undertook to have them destroyed if it appeared likely that they would fall into the hands of the enemy.

¹⁷ The committee consisted of Messrs. Sergio Osmeña, Vice President of the Philippines José Abad Santos, Acting Secretary of Finance; E. D. Hester, economic adviser of the High Commissioner; and Col. H. F. Smith, United States Army.

WELFARE OF CIVILIAN INTERNEES

The High Commissioner while at Corregidor received various reports from the Military Intelligence section of the staff of the United States Army Forces in the Far East relative to the internment of civilians in Manila who were citizens of the United States and other United Nations. The principal information was that the majority of these persons had been interned during the first week of January at the new campus of the University of Santo Tomas, a fenced site of 40 acres or more lying along Calle España within the northeastern section of Manila, equipped with several concrete college buildings, gymnasium, and playing grounds. Early reports indicated that the Japanese permitted the Philippine Red Cross to supervise the feeding of the internees.

On or about January 10 the Military Intelligence obtained a typed list showing the names of room monitors and others assigned to occupy rooms in Santo Tomas buildings. The list had been received at Corregidor under such circumstances that its authenticity could be reasonably assumed but not guaranteed. Evidence such as the accuracy of English name spelling, the names of the persons appointed as monitors, the fact that no person customarily resident in Manila but known by the High Commissioner or members of his staff to have been away from Manila at the time was listed, and that in the cases of interned families the names of wives and of children were in most cases correct, argued heavily that the list was genuine, so far as it went. The list contained 1,580 names while later reports placed the total interned by the end of January at over 3,200, a figure probably close to the number of civilian Americans and British resident in Manila, at the time of its capture, in view of the heavy exodus of women and children prior to December 1941 and the enlistment of many men of military age in the armed forces.

On his arrival in Washington in March the High Commissioner released the list stating that it was the best information obtainable but that its accuracy could not be guaranteed. Copies were subsequently distributed to interested Government offices, to the press, and to individuals and companies who requested copies.

Following his return to Washington the High Commissioner received and answered personally hundreds of letters and telegrams of inquiry from relatives and friends of those in the Philippines. These inquiries reached such proportions that on April 20, 1942, the High Commissioner organized a Civilian Internee Welfare Section with correspondence placed in charge of Mr. E. D. Hester, economic adviser, and Mrs. Janet White, confidential secretary, both of whom were widely acquainted with the American community in Manila. Using the list of interned civilians, additional reports of a reliable character, and personal information of the staff members as to conditions and persons in Manila just prior to invasion, it was possible to furnish carefully guarded but reassuring information as to the whereabouts of many citizens.

The High Commissioner worked in close conjunction with the State Department and the American Red Cross to accomplish three objectives with reference to the welfare of the civilian internees:

(1) Opening of an unofficial channel of communication with civilian internees. The opening of communication with interned civilians is a matter lying within

the jurisdiction of the Red Cross; and after various conferences between the High Commissioner and the Red Cross officials a general announcement as to procedure for making inquiries and sending messages was adopted and circulated on May 26.

(2) Appointment of an international Red Cross representative in Manila. While representatives have been established in Japan, Thailand, parts of occupied China and at Hong Kong, the Japanese had not, up to June 30, consented to similar representation in Manila.

(3) Sending of relief ships with food and medicines for both military and civilian prisoners of war or internees under Red Cross auspices. While some progress has been made in this direction, safe conducts have not yet been granted by the enemy.

The Federal Communications Service intercepted a broadcast on unknown beam on May 21 which purported to be a description of life at Santo Tomas University internment camp by Mr. Earl Carroll, Mrs. Guy Agnew, and Master Paul Schaefer, internees. Mrs. Agnew is a British citizen who formerly worked in the British Consulate at Manila, and the others are known to be Americans. The broadcast represented general conditions at the camp as satisfactory. While it was known that the broadcast was under Japanese control, there was no effusiveness or indication of propaganda under duress in the matter-of-fact statements made by the internees. An extract of the broadcast was multigraphed and copies enclosed with subsequent correspondence with inquirers.

The activities of the Civilian Internees' Welfare Section helped to quiet unfounded rumors and to present as unbiased a picture as possible to relatives and friends. The careful composition of replies and the inclusion where possible of items of first-hand reliable information known to the various members of the High Commissioner's staff served to alleviate to some extent the anxiety of relatives.

The High Commissioner, speaking in various cities, also held on numerous occasions informal meetings with relatives and friends of those in the Philippines, bringing to them such reassurance and encouragement as were possible. The large attendance at some of these meetings showed how eager and anxious people were for first-hand news of the Philippines.

Copies of the list of internees and the Red Cross statement respecting communication with persons in occupied areas of the Philippines will be found in appendixes T and U of this report.

Early in the welfare work a difficult problem arose. Several hundred wives and minor children resident in the United States were entirely dependent on remittances from husbands and fathers employed in the Philippines at the date of the outbreak of war. In many instances, before interruption of radio communications, heads of families remaining in the Philippines were able to transfer funds or make other arrangements for the support of their dependents in the United States. Several of the larger American firms doing business in the Philippines adopted a generous policy of supporting for an indefinite period the dependents of their employees detained by enemy action. The salaries of all detained Federal employees in the Philippines—civilian as well as those in the armed services; Filipinos as well as Americans—are being paid for the duration of the war under the provisions of Public Law 490, Seventy-seventh Congress. Their checks are made out regularly and deposited with the General Accounting Office. Allotments to dependents are made under the provisions of the foregoing act. When President Quezon returned to Washington, his office agreed in principle to make provision for the dependents

of Commonwealth Government employees resident in the United States.

The problem of financing dependents in America was thus considerably reduced, but there remained a number of dependents, particularly on the west coast of the United States, who were in real distress. The Honorable Paul V. McNutt, Federal Security Administrator, offered the facilities of his agency and was able through old-age survivors' insurance and other social measures to provide assistance for a majority of the remaining cases.

A considerable number of highly competent American men on leave in the United States at the outbreak of war were unable to return to their customary employment in the islands. In several instances it has been possible to obtain either private or public employment for these persons, generally in work having to do with the war effort.

MORATORIA ON OBLIGATIONS

Early in 1942 the High Commissioner's staff commenced a study of the problem of how to avoid, insofar as possible, the sacrifice of property interests due to the inability of debtors in captured or besieged areas to pay their obligations.

Conferences were had with the Treasury Department and with representatives of public-service companies in the Philippines respecting that aspect of the main problem which concerned the liability of such companies for interest on outstanding obligations and the results which might follow a default in the payment of such interest. The Treasury Department was consulted with a view to the possibility of obtaining an order under the Foreign Funds Control program so as to accomplish a moratorium on such obligations.¹⁷

A draft was prepared of a proposed war moratorium bill patterned after the Soldiers' and Sailors' Civil Relief Act of 1940 (U. S. C., title 50, secs. 501 to 585, 54 Stat. 1178) and designed to provide the relief necessary to avoid the forfeiture of property and the adverse effects on the credit economy which might result from strict adherence to remedial rights presently existing for the benefit of creditors.

Also, consideration was given to the manner in which life insurance policies of people in captured areas could be protected against default following the nonpayment of premiums. Extended discussions took place between the members of the High Commissioner's staff, life insurance executives, and the Veterans' Administration, all resulting in the preparation of a bill intended to afford the desired relief.

At the time of the writing of this report both proposed bills are under active consideration by other interested Government officials.

PERSONNEL OF THE OFFICE OF THE HIGH COMMISSIONER

Outstanding in the work of the High Commissioner's Office during the past year were the loyalty and splendid devotion of every member of the staff. After the outbreak of the war in December, Manila was exposed to constant air raids and bombings, and the work of the High Commissioner's Office during those strenuous and fitful days had to be carried on under grave danger, anxiety, and infinite difficul-

¹⁷ See appendices V and W for the text of General Ruling No. 10-A, issued by the Treasury Department on August 12, 1942, and for the press release of the same date issued by the Treasury Department, announcing a moratorium on obligations of Philippine companies held in the United States.

ties. Never once did any member of the staff fail in his duty because of danger or difficulty. All carried on with supreme devotion to duty and disregard of personal danger. Even more markedly was this true of those sharing in the grim life on Corregidor. The unswerving loyalty and devotion of each member of the staff are things which the High Commissioner never can forget.

Changes in personnel.—During the interval between the beginning of the fiscal year under review, July 1, 1941, and the outbreak of hostilities, several changes occurred affecting the regular staff of the office and a considerable number of new employees joined the staff to handle special duties connected with emergency work. Mr. Golden W. Bell resigned as legal adviser to the High Commissioner effective October 21, 1941. He was succeeded by Mr. H. Stewart McDonald, who was appointed legal adviser on November 10, 1941. Mr. McDonald previously was a member of the Processing Tax Board of Review. He was prevented by the outbreak of the war from going to Manila.

As the legal adviser was not in Manila and the assistant to the legal adviser, Mr. George O. Gray, was ill, the High Commissioner appointed, shortly after the war broke out, a prominent Manila lawyer, Mr. Clyde C. DeWitt, on a temporary, part-time basis to serve as acting legal adviser. Mr. DeWitt rendered outstanding services in connection with the many important legal problems created by the emergency. He remained in Manila and is reported to have been interned by the Japanese.

The United States Federal Loan Agency sent Mr. Henry P. Grady to the Far East in August 1941 to devise and report a program for greater production, stock piling, and speedy shipment to the United States of strategic minerals—chrome, manganese, and copper—and a plan of relief for the Philippine iron industry then crippled by export control measures which first curtailed and subsequently effectively prevented shipment of the ore to its only developed market in Japan. Mr. E. D. Hester, economic adviser, then in Washington, returned from leave to assist Mr. Grady. In October Mr. Hester was appointed representative in the Philippines of the Federal Loan Agency, Metals Reserve Company, Defense Supplies Company, and other subsidiaries. The services of Mr. Charles Mitke, an experienced mining engineer, were obtained under contract for temporary service as a consultant, and Mrs. Elise Flahaven, who had served in a temporary capacity as secretary to Mr. Grady, was continued as secretary-stenographer for Federal Loan Agency work. Mr. Mitke and Mrs. Flahaven are detained in Manila by the enemy. A report of the program for strategic materials is included in this report.

After his transfer from Manila to Corregidor, Mr. Hester was directed by the High Commissioner to perform there, insofar as they existed away from Manila, the functions of the executive assistant and budget officer, the chief clerk and accountant and the procurement officer of the Office of the High Commissioner. Under direction by the High Commissioner, Mr. Hester continued to perform these duties after being evacuated from Corregidor to Washington.

As a result of a reorganization in Washington, Mr. Frederick H. Noble, economic specialist in immediate charge of the Export Control Division of the Office of the High Commissioner, was transferred from the United States Department of State to the Economic Defense Board on October 1. As he continued to be detailed to the Office

of the High Commissioner, his transfer had no effect upon his duties.

Pending the selection of an assistant for Mr. Noble, the Department of State detailed to the Office of the High Commissioner, for export control work, Mr. Robert Buell, a Foreign Service officer. Mr. Buell arrived in Manila on August 27 and left for his next post on November 11, 1941. On October 9, Mr. Donald L. Cochran was appointed junior officer by the Economic Defense Board and detailed to the Office of the High Commissioner to assist Mr. Noble.

Mr. Robert J. Huffcut, who had been appointed Secretary to the High Commissioner in the fiscal year 1941, was transferred on September 5, 1941, to a newly created position of economic assistant and assigned to work under the general supervision of the economic adviser. In September 1941 Mr. Huffcut was designated emergency coordinator of mines for the Philippines and performed the functions of that office in addition to his other duties. On February 23, 1942, he resigned his position in the Office of the High Commissioner in order to accept a commission as lieutenant in the United States Army. So far as is known he was captured by the Japanese at Corregidor. Miss Anna Belle Newcomb, who previously was confidential stenographer to the High Commissioner, was appointed secretary to the High Commissioner on September 5, 1941.

In the summer of 1941, Lt. Col. Robert M. Carswell was relieved by Maj. Cyril Q. Marron as liaison officer of the United States Army with the High Commissioner. The excellent work of these officers in connection with civilian defense is described in the sections dealing with that subject in this report and in the fifth report of the High Commissioner.

Following the outbreak of the war in December 1941 the High Commissioner, upon the request of General MacArthur, released Major Marron from his duties as liaison officer to the High Commissioner, so that he could serve as aide to General MacArthur. In the latter part of December the High Commissioner similarly released Lt. Comdr. T. C. Parker so as to make his services available for more active naval duty. Admiral Hart to whom he reported assigned him to the staff of Rear Admiral Rockwell, commandant of the Sixteenth Naval District, who took Commander Parker with him to Corregidor. After reaching Corregidor the High Commissioner similarly, at the request of his junior military liaison officer, Capt. William J. Priestley, released him for active service with the combat troops. All three of these excellent officers performed outstanding service and it was with keen regret that the High Commissioner felt compelled to release them from his staff.

Mr. Lawrence E. Salisbury, United States Foreign Service officer detailed to the Office of the High Commissioner, was relieved in November, 1941, by Mr. Cabot Coville, also a Foreign Service officer. Mr. Salisbury's work as adviser on foreign affairs was of the highest order and his departure on November 23 was deeply regretted. Mr. Coville arrived in Manila shortly before the war, on November 19, and was taken by the High Commissioner with him to Corregidor where he performed valuable work not only coding and decoding highly confidential radio messages, but rendering invaluable assistance in many ways.

The staff of the Office of the High Commissioner engaged in foreign funds control was materially expanded in the last half of 1941 both

by men sent from Washington by the United States Treasury Department and by personnel employed locally. Messrs. L. C. Aarons, R. P. Aiken, and R. B. North, reached Manila on August 7. Mr. Aarons was placed in immediate charge of the Foreign Funds Control Division from the date of his arrival until his departure on August 28 and Mr. Aiken was in charge from August 29 until his departure on September 5. Mr. North, a national bank examiner, supervised the operations of one of the Japanese banks and one of the Chinese banks. He was still in Manila when it was occupied by the Japanese.

On August 18, Messrs. A. E. Price, T. M. Anderson, and Solomon Adler arrived in Manila. Mr. Price, a national bank examiner, supervised the operations of one of the Japanese and one of the Chinese banks from the date of his arrival and Mr. Anderson was in immediate charge of the Foreign Funds Control Division after October 2. Both he and Mr. Price were in Manila when it was occupied by Japanese forces and are now detained by the enemy. Mr. Adler, after working on foreign funds control in Manila for several weeks, was transferred to China to assist Mr. Manuel Fox in connection with work of the stabilization board of China.

Messrs. James J. Saxon and T. Page Nelson arrived in Manila on August 27. The former ultimately was evacuated to the United States with the High Commissioner and the latter is detained in the Philippines by the enemy. Mr. Lawrence Heberd, who was also sent to Manila by the United States Treasury Department, is likewise still in Manila.

In addition to the men sent from Washington, there were employed locally a number of American women for clerical work, including Miss Mary Catherine Connor, Mrs. Virginia B. Hewlett, Mrs. Grace Jurgensen, Mrs. Rebecca Karrer, Mrs. Emily Salmon Larson, Miss Helen E. Morton, Miss Margaret Pierce, Miss Kathleen C. Watson, and Mrs. Marie F. Wolff. Miss Marjorie F. Murdock was appointed stenographer on August 13, 1941, and resigned without prejudice on October 31, 1941. The last information on the subject dispatched from Manila to Washington shows, in addition, 17 Filipino employees holding clerical or custodial positions in the Division of Foreign Funds Control. It is known, however, that this number was subsequently increased.

Foreign Funds Control personnel detailed by the Treasury from Washington continued to be paid direct by that Department while employees obtained locally were paid by the Office of the High Commissioner which was subsequently reimbursed by the Treasury Department.

In addition to the staff mentioned above, Mr. William J. Stumpf and Mrs. Bertha Greusel, both of whom were first employed for Foreign Funds Control work in the fiscal year 1941, continued in that capacity up to the occupation of Manila by the Japanese.

With the exception of Mr. James J. Saxon, who was evacuated to the United States with the High Commissioner, all of the above-mentioned personnel which were engaged in Foreign Funds Control are believed to be still in the Philippines.

Subsequent to the return of the High Commissioner to the United States in March 1942, Mrs. Dorothy F. Friedman was appointed assistant clerk-stenographer, effective April 27, 1942, and Mr. Joseph W. Warwick was appointed messenger on May 12, 1942.

Location of staff on June 30, 1942.—For the purposes of record and to facilitate the application of any relief measures which may benefit those detained in the Philippines by enemy action, the following lists set forth the details of the personnel of the Office of the High Commissioner as of June 30, 1942.

Washington staff: The staff stationed in Washington at the end of fiscal year 1942 was as follows:

| Name | Office position | Annual salary |
|---------------------------|-----------------------------------|---------------|
| Sayre, Francis B..... | High Commissioner..... | \$18,000 |
| Friedman, Dorothy F..... | Assistant clerk-stenographer..... | 1,740 |
| Hester, Evert D..... | Economic adviser..... | 9,000 |
| McDonald, H. Stewart..... | Legal adviser..... | 10,000 |
| Newcomb, Anna Belle..... | Private secretary..... | 3,100 |
| Warwick, Joseph W..... | Messenger..... | 1,200 |
| White, Janet..... | Senior clerk-stenographer..... | 2,400 |
| Willoughby, Woodbury..... | Financial expert..... | 9,000 |

The salaries of the personnel listed above are chargeable to the personal service allotment of appropriations for the High Commissioner. Mr. McDonald, Mrs. Friedman, and Mr. Warwick were appointed in Washington and did not serve in the Philippines. All the others were evacuated from Manila, first to Fort Mills, Corregidor, on December 24, 1941, and subsequently to the United States via Australia.

American staff detained by the enemy: The following American citizen personnel were detained in Manila by enemy action:

| Name | Office position | Annual salary |
|-----------------------------|--|---------------|
| Burke, Helen..... | Principal clerk (office accountant)..... | \$2,500 |
| Buss, Claude A..... | Executive assistant..... | 6,500 |
| Copello, Thomas G..... | Caretaker..... | 960 |
| Cropper, William H..... | Watchman..... | 900 |
| Davis, Thomas..... | do..... | 900 |
| DeWitt, Clyde C..... | Acting legal adviser..... | (1) |
| Drummond, Mark G..... | Watchman..... | 900 |
| Ells, Gordon W..... | Chief clerk..... | 3,200 |
| Franks, Charles W..... | Chief statistician..... | 4,400 |
| Gray, George O..... | Assistant to legal adviser..... | 4,400 |
| Kidder, Lucia B..... | Stenographer..... | 1,680 |
| Lautzenheiser, Ora E..... | Cable clerk..... | 2,600 |
| Lovell, Ruth Patterson..... | Confidential stenographer..... | 1,920 |
| Mack, Edward L..... | Watchman..... | 900 |
| Moses, James..... | Caretaker..... | 1,020 |
| Raymond, Mona..... | Clerk..... | 1,320 |
| Ross, Ervin C..... | Chief, Passport Unit..... | 3,600 |

(1)Not known.

The salaries of the American personnel detained in Manila are paid from the personal service allotment of regular appropriations for the High Commissioner and held in Washington under the provisions in Public Law 490, Seventy-seventh Congress. The same measure covers authorization for allotments to relatives and assignments to depositories in the United States.

Information from the Swiss Legation at Tokyo through the American Legation at Bern to the State Department at Washington, May 12 and 20, 1942, was to the effect that all the above except William H. Cropper, Mark G. Drummond, and James Moses were interned at 911 Calle M. H. del Pilar in Manila, and were all in "good health."

Mrs. Charles W. Franks and Mrs. Gordon W. Ells were interned in Manila with their husbands. James Moses was caretaker at the residence of the High Commissioner at Baguio, Mountain Province, and it is presumed that he is interned at that city.

Information received by the State Department early in July reported that Claude A. Buss, who was left in charge of the personnel and property remaining in Manila, was in Tokyo. The reasons for his transfer are not known.

Filipino regular staff detained by the enemy: The following Filipinos (American nationals) are detained in the Philippines by the enemy:

| Name | Office position | Annual salary |
|------------------------|------------------------|---------------|
| Aaselud, Geronimo | Laborer | \$216 |
| Alejandro, Constancio | Gardener | 300 |
| Aquino, Juan | Messenger | 240 |
| Aragon, Jose | Clerk | 360 |
| Baltazar, Victor | Statistical clerk | 2,000 |
| Broqueza, Conrado | Janitor | 240 |
| Bruno, Leopoldo | Messenger | 240 |
| Cabrera, Francisco | Laborer | 240 |
| Campana, Teofilo | Messenger | 240 |
| Cancio, Ricardo | Clerk | 420 |
| Canlas, Ricardo | Maintenance laborer | 360 |
| Cobanen, Gil | Gardener | 300 |
| Cuison, Leonardo | Laborer | 300 |
| Dimalanta, Ricardo J. | Statistician | 3,200 |
| Dominguez, Alfonso | Laborer | 300 |
| Dominguez, Valentin | Janitor | 240 |
| Eisma, Maximino | Laborer | 216 |
| Evangelista, Rickie | Chauffeur | 480 |
| Ferrer, Hilario | Laborer | 288 |
| Guevara, Macario | Stenographer | 1,800 |
| Guzman, Avelino de | Statistical draftsman | 720 |
| Guzman, Fabian de | Stenographer | 1,500 |
| Guzman, Pedro de | Clerk | 780 |
| Guzman, Victorino de | Laborer | 216 |
| Hill, Joaquin | Chauffeur | 360 |
| Ilac, Bienvenido | Janitor | 240 |
| Ilagan, Vicente | Gardener | 240 |
| Ithiong, Ignacio | Laborer | 216 |
| Jacob, Donato A. | Clerk | 240 |
| Lebag, Miones | Gardener | 240 |
| Llaneta, Floro | Watchman | 240 |
| Lopez, Arsenio | Laborer | 216 |
| Lora, Roberto | Junior draftsman-clerk | 300 |
| Manuel, Vicente | Clerk | 1,320 |
| Marquez, Pablo | do | 420 |
| Oller, Cristino | Gardener | 240 |
| Ortiz, Pablo | Laborer | 360 |
| Paeuirigan, Alipio Y. | Telephone operator | 240 |
| Palapala, Mamerto | Janitor | 240 |
| Ramos, Vicente | Chauffeur | 480 |
| Recacho, Ambrosio | Chief porter | 600 |
| Ricardo, Salvador | Telephone operator | 300 |
| Santos, Quintin de los | Laborer | 300 |
| Tagle, Antonio | Gardener | 240 |
| Tenorio, Julio | do | 240 |
| Tiocson, Santiago | Messenger | 360 |
| Tirona, Constantino | Record clerk | 2,200 |
| Triunfo, Macario | Gardener | 240 |
| Villanueva, Mauricio | Laborer | 216 |

The salaries of those appearing in the foregoing list are paid from the personal service allotment of regular appropriation for the High Commissioner and held in Washington under the provisions of Public Law 490, Seventy-seventh Congress.

Rickie C. Evangelista and Pablo Ortiz accompanied the High Commissioner to Fort Mills, Corregidor, and they are assumed to have been there at the time of the capitulation of Corregidor. No information is available as to the present addresses of other members

of the Filipino staff, but it is thought that some are in Manila or vicinity, and that others are in Baguio.

Filipino household staff detained by the enemy: The following Filipinos (American nationals) and Chinese employed as household servants in residences of the High Commissioner at Manila and Baguio are detained in the Philippines by the enemy:

| Name | Position | Annual salary |
|--|-------------------|---------------|
| Abanador, Macario..... | Laborer..... | \$288 |
| Ateo, Daniel..... | Houseboy..... | 270 |
| Baldonado, Alejandro..... | do..... | 390 |
| Bascara, Amado..... | Laborer..... | 288 |
| Cruz, Lorenza A..... | Laundrywoman..... | 210 |
| Dontogan, Cirilo..... | Laborer..... | 240 |
| Lee Wong Kit..... | Cook..... | 540 |
| Lock Ben Lim..... | do..... | 360 |
| Paragatos, Francisco..... | Laborer..... | 288 |
| Santos, Leocadio de los..... | House boy..... | 300 |
| Tunay, Carlos..... | do..... | 450 |
| Zee, Anna (Chinese) ¹ | Maid..... | 360 |
| (Chinese) ¹ | Cook..... | 540 |
| ² Gerardo..... | Houseboy..... | 240 |
| ¹ | do..... | 240 |

¹ Name unknown.

² Surname unknown.

The salaries of the household staff, listed above, are paid from the contingency allotment in the regular appropriations for the High Commissioner and held in Washington under the provisions of Public Law 490, Seventy-seventh Congress. Lee Wong Kit and Carlos Tunay accompanied the High Commissioner to Fort Mills, Corregidor, and they are assumed to have been there at the time of the capitulation of the fort. No report is available as to the addresses of other members of the household staff, but it is thought that some are in Manila and others in Baguio.

Export Control staff: The following employees of the Export Control Division of the Office of the High Commissioner are detained in the Philippines by enemy action:

| Name | Office position | Annual salary |
|-----------------------------|------------------------------------|---------------|
| Alvarez, Ricardo V..... | Messenger-typist..... | \$270 |
| Andrado, Manuel V..... | do..... | 300 |
| Bautista, Felixberto L..... | Clerk..... | 900 |
| Cochran, Donald L..... | Junior officer export control..... | 6,000 |
| Gurney, Robert..... | Export control clerk..... | 2,200 |
| Jesus, Justino de..... | Statistical clerk..... | 250 |
| Noble, Frederick H..... | Economic specialist..... | 7,500 |
| Pascual, Domingo D..... | Messenger-typist..... | 300 |

The salaries of the above listed personnel are paid from the appropriations for the High Commissioner to be reimbursed by the United States Board of Economic Warfare. The payments are made in Washington and held under the provisions of Public Law 490, Seventy-seventh Congress. In the case of the American members, allotments to relatives and assignments to depositories have been made.

Information from the Swiss Legation at Tokyo to the State Department, May 12 and 20, 1942, reported that Frederick H. Noble,

Donald L. Cochran, and Robert Gurney and his wife and infant daughter Melissa, were interned with other American personnel at Calle 911 M. H. del Pilar, Manila. The present addresses of the Filipino (American nationals) personnel of the export control section are unknown, but they are presumed to be in Manila.

Foreign funds control staff: The following employees of the Foreign Funds Control Division of the High Commissioner's office are detained in the Philippines by enemy action:

| Name | Office position | Annual salary |
|-------------------------|-----------------------------|---------------|
| Arcega, Vicente L. | Typist | \$360 |
| Astorga, Santiago P. | Clerk | 480 |
| Braganza, Victorino | do. | 900 |
| Bueno, Romulo | do. | 300 |
| Coloso, Rodrigo | do. | 300 |
| Connor, Mary C. | Stenographer | 1,440 |
| Dimalanta, Hermogenes | Agent | 600 |
| Espos, Ramon A. | Janitor | 240 |
| Fernandez, Joaquin J. | Clerk | 900 |
| Garcia, Jesus | Telephone operator | 240 |
| Gavino, Reynaldo | Agent | 600 |
| Coco, Carlos | do. | 600 |
| Greusel, Bertha T. | Securities clerk | 2,100 |
| Gutierrez, Dominador | Messenger | 240 |
| Guzman, Cecilio A. de | Bank examiner | 1,800 |
| Hewlett, Virginia B. | Stenographer | 1,680 |
| Juane, Magtanggol A. | Fiscal accounting clerk | 480 |
| Jurgenssen, Grace | Stenographer | 1,680 |
| Karrer, Rebecca | do. | 1,680 |
| Larson, Emily Salmon | do. | 1,680 |
| Lorenzo, Jovino S. | Bank examiner | 1,440 |
| Mercado, Rafael | Agent | 600 |
| Morton, Helen E. | Stenographer | 1,80 |
| Pierce, Margaret | do. | 1,680 |
| Serafica, Amando Q. | Messenger | 240 |
| Stumpf, William J., Jr. | Foreign Funds Control agent | 3,000 |
| Watson, Kathleen C. | Stenographer | 1,680 |
| Wolff, Marie F. | do. | 1,680 |

The salaries of personnel of the Foreign Funds Control Section are paid from appropriations for the High Commissioner to be reimbursed by the United States Treasury Department. The payments, together with authorized allotments, are made in Washington under the provisions of Public Law 490, Seventy-seventh Congress.

State Department information from the Swiss Legation at Tokyo, May 12 and 20, 1942, reported that Mary Connor, Joaquin Fernandez, Bertha T. Greusel, Virginia B. Hewlett, Grace Jurgenssen, Rebecca Thompson Karrer, Emily Salmon Larson, Helen Morton, Margaret Pierce, and William J. Stumpf, Jr., were interned with other American personnel at 911 Calle M. H. del Pilar, Manila. The present addresses of the Filipino (American nationals) personnel are unknown but they are thought to be in Manila.

Liaison staff: Four liaison officers were attached to the staff of the High Commissioner by departments of the Federal Government. These were: State Department, Cabot Coville, Foreign Service Officer; War Department, Lt. Col. Cyril Q. Marron, Capt. William J. Priestley; Navy Department, Lt. Comdr. T. C. Parker.

The War and Navy attachés were released by the High Commissioner so that they would be free to enter combat or other units of their services. Mr. Coville accompanied the High Commissioner to Australia and later came to the United States where he reported to his Department for foreign duty.

Treasury staff: The United States Treasury Department in 1941 assigned a number of employees to the staff of the High Commissioner to assist in the work of the Foreign Funds Control Section. These men were in Manila at the outbreak of the war: Anderson, Maxwell; Hebbard, William; Nelson, T. Page; North, Reynolds; Price, Albert; and Saxon, James J.

Mr. Saxon accompanied the High Commissioner to Fort Mills and was later evacuated to the United States where he returned to his Department. The others are detained by the enemy and were reported by the State Department to be interned at 911 Calle M. H. del Pilar, Manila. Their salaries are paid by the Treasury Department.

Federal Loan Agency staff: Mrs. Elise Flahaven, secretary, and Mr. Charles Mitke were employees of the Federal Loan Agency attached to the office of the High Commissioner detained by enemy action. Their salaries are paid by the Agency. Mrs. Flahaven was reported by the State Department as interned at 911 Calle M. H. del Pilar. Mr. Mitke and his wife are thought to be interned at the University of Santo Tomas, Manila.

Other officers and employees: The information given above has been in large part obtained from personnel records maintained in the United States by the Division of Territories and Island Possessions, United States Department of the Interior. The last correspondence on the subject received by that Division from Manila is dated November 25, 1941. After that date a few other employees were appointed and changes made by the High Commissioner. Moreover, at the time of evacuation from Manila to Fort Mills, Corregidor, on December 24, 1941, the High Commissioner delegated authority to Mr. Claude A. Buss, executive assistant, to appoint such additional clerical and custodial employees as might be necessary to meet the emergency caused by war. Office communication between Manila and Corregidor was extremely limited during the period December 25, 1941, to January 1, 1942, as all channels were needed for military purposes. It is, therefore, possible that some clerical and custodial employees, whose names do not appear in the lists presented in this section, may have been added to the pay rolls by appointment by Mr. Buss, of which no record is available at this time.

On June 30, 1942, the retiring High Commissioner wrote to the Director, Division of Territories and Island Possessions, Department of the Interior, as follows:

In leaving the Office of High Commissioner, I wish to ask that every lawful benefit as to leave, payment, and allotment of salaries and wages, statutory promotions, and continuance in service be extended to the personnel of the Office. Their devotion to duty, Filipino as well as American personnel, under unopposed air bombings averaging more than three a day, was an inspiring demonstration of loyalty to the United States Government. None deserted their posts. Many of them made trips through the areas under direct fire to perform the duties of the Office or errands of mercy. They organized and stood watch over Government property at night; in some instances neglecting their families and homes. They suffered the loss of practically all their personal property. In many cases all or a substantial part of their savings and checking accounts were left in Manila banks and cannot be recovered until after the war, if at all. For these reasons I wish to bespeak in their behalf the greatest possible consideration and whatever remedies may be provided for loss of property.

Appropriations and expenditures of the Office of the High Commissioner.—The appropriation of the Congress for the Office of the

United States High Commissioner for the fiscal year ending June 30, 1942, was \$160,000, of which \$4,500 was for the purchase and exchange of three automobiles to replace official cars in use for the past several years. The net operating Office budget was thus \$155,500 as compared with \$154,000 for the previous fiscal year. The appropriation was divided administratively as follows:

| | |
|---|------------|
| Personal services, field..... | \$118, 600 |
| Supplies and materials..... | 3, 600 |
| Communications service..... | 3, 600 |
| Travel expenses..... | 8, 000 |
| Transportation of things..... | 2, 000 |
| Furnishing of heat, light, power, and electricity..... | 6, 400 |
| Repairs and alterations..... | 1, 000 |
| Special and miscellaneous expenses (contingent fund)..... | 10, 000 |
| Equipment, general..... | 2, 300 |
| Equipment, 3 automobiles..... | 4, 500 |
| Total..... | 160, 000 |

Of the three automobiles provided for in the appropriation, one, a seven-passenger Cadillac, had been purchased in Manila. It was left in custody of Mr. Claude A. Buss, executive assistant, who remained in Manila. The High Commissioner authorized Mr. Buss to destroy the car if such action seemed necessary to prevent its capture or requisition by the enemy. Another unit, a five-passenger car, is understood to have been purchased by the Washington Quartermaster Depot for account of the High Commissioner's Office and to be awaiting orders for disposition at Fort Mason, San Francisco. The third unit has not been purchased.

On December 9, 1941, working much of the day in basement shelters during air raids, Miss Helen Burke, office accountant, closed the books for the period July 1 to November 30, 1941, and reported her accounts by radiogram to the Division of Territories and Island Possessions. This report places total expenditures from the fiscal year 1942 appropriation at \$47,095.52; outstanding obligations estimated at \$2,592.88; expenditures for the account of the United States Treasury Department covering salaries, wages, supplies, and equipment for the Philippine office of Foreign Funds Control at \$2,236.77; similar advances for the Philippine office of Export Control at \$28.50 for account of the State Department and \$2,034.23 for account of the Economic Control Board. Miss Burke is detained by enemy action in Manila at 911 M. H. del Pilar Street.

Accounts covering office expenditures from December 1 to December 28, 1941, were reportedly taken by Lt. Col. J. R. Vance, Finance Department, United States Army (whose office in Manila had disbursed for the High Commissioner's Office since its establishment) on his evacuation from Manila to Corregidor which occurred December 31. In Corregidor, Lt. Col. J. R. Vance made additional pay-roll disbursements in respect to the several American and Filipino officers and employees who were evacuated with the High Commissioner to Fort Mills on December 24. It is not known at this time whether any of these records were sent out before the capitulation of Corregidor.

On December 15 all officers and employees who desired it were paid in advance to March 15, 1942. After his return to Washington the High Commissioner certified to the Philippine Section of the Division of Territories and Island Possessions the names, positions, and salaries

of all officers and employees known by him to have been detained in the Philippines by enemy action. As required by Federal Government legislation their salary checks are being drawn regularly and held for their account. In the case of most of the American personnel now detained in Manila the whole or major part of their salaries was covered by allotments to families or by assignment to deposits in banks in the United States.

Emergency fund: On December 9, 1941, anticipating possible disruption of communications with the Army Finance Office, the High Commissioner requested the Director of the Division of Territories and Island Possessions to obtain authority for emergency expenditures up to \$200,000 for bombproofing, salaries, loans, costs of evacuation, acquirement of foodstuffs, employment of guards and special laborers, and other charges which might be occasioned by the war in the Philippines. The sum was made available from the "Emergency Fund for the President" contained in the Independent Offices Appropriation Act, 1942, approved April 5, 1941, as amended by the First Supplemental National Defense Appropriation Act, 1942, to be charged to the limitation of \$2,500,000 specified for unvouchered expenditure.¹⁸

On December 23, 1941, on the eve of evacuation from Manila, the High Commissioner signed and delivered to Dr. Howard F. Smith, disbursing officer (United States Public Health Service), Manila, two vouchers against the emergency fund and received \$65,000 in cash. Of this amount, \$35,000 was turned over to Mr. Claude Buss, executive assistant, with authority to make such expenditures as might be necessary to meet emergencies affecting the property and personnel of the office remaining in Manila; \$30,000 was taken by the High Commissioner to Corregidor, thence to Australia and the United States; \$2,766.32 was expended for subsistence, travel, supplies, and equipment of the evacuation party. The balance of \$27,233.68 was refunded to the President's Emergency Fund on July 6, 1942.¹⁹

The fund had been requested in the amount of \$200,000 at a time when it was considered probable that the entire Office would be moved to Baguio or some other interior point where it should be prepared to maintain itself for an indefinite time without contact with disbursing officers. The subsequent evacuation of a limited number of the staff to Corregidor proved inexpensive, particularly because all transportation and much of the lodging for the evacuation party were supplied by the Army and Navy. It is realized, however, that the amount of \$35,000 left with Mr. Buss may not have proved ample for the support of personnel detained in Manila beyond 6 months. As Dr. Howard Smith was also evacuated to Corregidor on December 31, it is extremely doubtful that Mr. Buss was able to obtain any further sums from the emergency fund. It is possible that foreseeing the need of additional funds he may have obtained advances from the Manila branch of the National City Bank or other sources. If so, these should eventually be repaid from the emergency fund.

Official property.—Due to the emergency of war and the conditions surrounding evacuation under fire, first to Corregidor and thereafter to Australia by submarine, it was possible to bring out very little Government property. Two locker trunks of confidential files and code

¹⁸ Letter of the President to the Secretary of the Treasury, December 13, 1941.

¹⁹ Letter of the High Commissioner to Mr. E. K. Burlew, first assistant secretary and budget officer, Department of the Interior, July 6, 1942.

books and one automobile were taken to Corregidor. The automobile, a Pontiac purchased in 1938, was used for official purposes at the fortress and it was turned over to the Army at the time of evacuation to Australia. The files and copies of official correspondence and memoranda received at, and sent from, Corregidor were taken to Australia and subsequently to the United States.

The value of Government property left in Manila and Baguio chargeable to the High Commissioner's office may be conservatively estimated at \$150,000 exclusive of buildings and other permanent improvements such as the sea wall, dock, roads, and fences

IV. COMMONWEALTH GOVERNMENT

FEDERAL LEGISLATION AFFECTING THE PHILIPPINES

Amendment of Tydings-McDuffie Act (Philippine Independence Act).—The Philippine Independence Act of 1934 provided for an export tax upon goods exported from the Philippines to the United States equivalent to 5 percent of the United States duty, to come into effect on January 1, 1941, and to remain in force during the calendar year 1941, with an annual progressive increase of an additional 5 percent of the United States duty each January 1st thereafter until a maximum of 25 percent should be reached which should remain in force until July 4, 1946. It provided also for certain declining quotas and for specified quantities of certain products to be exempt from the export duty.

The provisions requiring the imposition of export taxes and declining duty-free quotas have never been popular in the Philippines and agitation for their postponement began before the date when they became effective. Voice was given to this movement by the Commonwealth Secretary of Finance who in a widely publicized statement made on September 17, 1940, urged the revision of the Independence Act and a suspension of the increasing export taxes and declining quotas. His stand was endorsed by the President of the Philippines and in May 1941 the Commonwealth Assembly passed a resolution (No. 108) petitioning the President and the Congress of the United States to suspend the effect of the provisions imposing export taxes and quotas.

By the act of December 22, 1941 (ch. 617, 55 Stat. 582) the collection of the export tax and the progressive reduction of quotas, as prescribed by section 6 (as amended) of the Philippine Independence Act, are suspended through December 31, 1942, and are to be resumed on January 1, 1943. The amendment provides as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the imposition and collection of the export tax prescribed by section 6 of the Act of March 24, 1934, entitled, "An Act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes" (48 Stat. 456), as amended by the Act of August 7, 1939 (53 Stat. 1226; U. S. C., Supp. V, title 48, sec. 1236), shall be suspended for a period commencing on and after the date following the approval of this Act and ending on December 31, 1942.

On January 1, 1943, the imposition of such export tax shall be resumed, the tax rate effective for said calendar year to be the same as the rate in effect at the time the tax was suspended; on each succeeding January 1 thereafter the export tax shall be increased progressively by an additional 5 per centum of the United

States duty, except that during the period January 1, 1946, through July 3, 1946, the export tax shall remain at 15 per centum of the United States duty.

SEC. 2. That the progressive reduction of the quotas of the Philippine articles of a class or kind in respect of which a quota is established by subdivision 3, subsection b, section 6 of the said Act of March 24, 1934, as amended, shall be suspended for a period commencing on and after the date following the approval of this Act and ending on December 31, 1942; the original quotas established by that subdivision for the year 1940 shall be in effect during the suspension.

On January 1, 1943, the progressive reduction of the quotas provided for in subdivision 3, subsection b, section 6 of the said Act of March 24, 1934, as amended, shall be resumed, the rate of reduction effective for said calendar year to be the same as the rate in effect at the time the said quotas were suspended; for each calendar year thereafter through the calendar year 1945, each of the said quotas shall be the same as the corresponding quota for the immediately preceding calendar year, less 5 per centum of the corresponding original quota.

For the period January 1, 1946, through July 3, 1946, each of said quotas shall be one-half of the corresponding quota specified for the calendar year 1945.

SEC. 3. Nothing in this Act shall change in any respect not herein expressly provided for the provisions of the Act of March 24, 1934, as amended.

Congressional appropriation of sugar funds—\$10,000,000 allocation from emergency fund of the President and reimbursement thereof.—In October 1941 there was introduced in the House of Representatives a bill (H. R. 5825) to amend section 19 (a) of the Tydings-McDuffie Act, as amended, and to amend the act of June 19, 1934, so as to authorize the use of sugar funds and gold devaluation funds for military and naval defense purposes in the Philippine Islands. Under the bill the appropriations authorized would be available for payment to the Commonwealth Government, as authorized by the Commanding General of the United States Army in the Far East or the Commandant of the Sixteenth Naval District, United States Navy.

Section 503 of the Sugar Act of 1937, as amended, authorizes the appropriation, for use in financing a program of economic adjustments in the Philippines, of an amount equal to the amount of taxes collected on sugar of Philippine production manufactured in or brought into the United States on or prior to June 30, 1945. The act of June 19, 1934, entitled "An act relating to Philippine currency reserves on deposit in the United States," authorizes an appropriation of \$23,862,750.78 for the purpose of establishing on the books of the Treasury a credit in favor of the Treasury of the Philippine Islands, such amount representing the increase in value of the gold equivalent on January 31, 1934, of the balances maintained in banks in the United States by the Government of the Philippine Islands for its gold standard fund and its Treasury certificate fund, less certain specified interest.

The House Committee on Insular Affairs, in its report on the bill, stated that the total amount which may under this legislation be appropriated is estimated to be approximately \$52,000,000, of which \$23,862,750.78 represents the Philippine currency reserves funds, the remainder representing the amount of sugar excise tax funds.

In September 1941 there was introduced in the Senate a bill (S. 1929) authorizing appropriations to be used for the defense of the Philippine Islands, and for other purposes and repealing the act of June 19, 1934, referred to above.

Extended consideration was given by the High Commissioner to the proposed legislation and to the possible effect upon the Philippines of the passage of the bills.

As of the time at which this report is being written, H. R. 5825 was pending, on recommittal, in the House Committee on Insular Affairs, and S. 1929, which passed the Senate with amendments, was pending in the same committee. The Senate amendments eliminated all reference to the sugar excise tax funds and provided that any appropriation made in connection with the act relating to Philippine currency reserves shall be deemed to reduce pro tanto the credit in favor of the treasury of the Philippines standing on the books of the United States Treasury.

On December 15, 1941, the President of the United States made an allocation of \$10,000,000 from his emergency fund—

to be expended by the Secretary of War, in his discretion, for each and every purpose connected with the rendering of assistance to the Government of the Commonwealth of the Philippines for public relief and civilian defense in the Philippine Islands * * *.

The allocation is understood to have been made in response to an appeal by radio from President Quezon to President Roosevelt. (See also Funds Available to the Commonwealth Government upon Re-occupation of the Philippines in pt. IX of this report.)

On December 23, 1941, House Joint Resolution 258 (Public, 371, 77th Cong., ch. 621, 1st sess., 55 Stat. 855) was approved. The resolution carries additional appropriations incident to the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and provides as follows:

Relief of the Philippine Islands: The moneys authorized to be appropriated in accordance with section 503 of the Sugar Act of 1937 (50 Stat. 915), as amended, but not exceeding the amount of taxes referred to in such section 503 collected prior to the date of enactment of this Act, are hereby appropriated, and in addition thereto the sum of \$10,000,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to enable the Secretary of War to meet expenses for each and every purpose necessary to provide for public relief and civilian defense in the Philippine Islands, fiscal year 1942, to remain available until expended: *Provided*, That this appropriation shall be available for payment to the Government of the Commonwealth of the Philippines, either in advance of or in reimbursement for all or any part of the estimated or actual cost, as authorized by the Commanding General, United States Army in the Far East, of public relief and civilian defense in the Philippine Islands: *Provided further*, That this appropriation may be expended without regard to the provisions of law regulating the expenditure or accounting for funds of the United States: *And provided further*, That of the amount herein appropriated the sum of \$10,000,000 shall be restored to the emergency fund for the President, created by the Independent Offices Appropriation Act, 1942, in reimbursement of a like amount advanced therefrom for the purposes herein authorized, and any expenditures heretofore or hereafter made from that fund for such purposes are hereby authorized and validated.

It is also of interest that the Act of December 26, 1941 (55 Stat. 872) amended section 503 of the Sugar Act of 1937, which authorizes an appropriation, to finance a program of economic adjustment in the Philippines, of a sum equal to the amount of excise taxes collected on Philippine sugar to and including June 30, 1945. Prior to the amendment the date specified was June 30, 1942. (See High Commissioner's fifth annual report, p. 33.)

Extension of war damage insurance to the Philippines.—The War Damage Corporation (originally entitled "War Insurance Corporation") was created under the Reconstruction Finance Corporation Act for the purpose of providing indemnity against loss of, or damage

to, real and personal property as a result of the war. Funds for the Corporation were directed to be provided by the Reconstruction Finance Corporation, and by the act of March 27, 1942 (ch. 198, 56 Stat. 174) the aggregate amount of such funds was fixed at not to exceed \$1,000,000,000.

That statute also provides as follows:

SEC. 5g (a) * * * The Reconstruction Finance Corporation is authorized to and shall empower the War Damage Corporation to use its funds to provide, through insurance, reinsurance, or otherwise, reasonable protection against loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval, or air forces of the United States in resisting enemy attack), with such general exceptions as the War Damage Corporation, with the approval of the Secretary of Commerce, may deem advisable. Such protection shall be made available through the War Damage Corporation on and after a date to be determined and published by the Secretary of Commerce which shall not be later than July 1, 1942, upon the payment of such premium or other charge, and subject to such terms and conditions, as the War Damage Corporation, with the approval of the Secretary of Commerce, may establish, but, in view of the national interest involved, the War Damage Corporation shall from time to time establish uniform rates for each type of property with respect to which such protection is made available, and, in order to establish a basis for such rates, such Corporation shall estimate the average risk of loss on all property of such type in the United States. Such protection shall be applicable only (1) to such property situated in the United States (including the several States and the District of Columbia), the Philippine Islands, the Canal Zone, the Territories and possessions of the United States, and in such other places as may be determined by the President to be under the dominion and control of the United States, (2) to such property in transit between any points located in any of the foregoing and (3) to all bridges between the United States and Canada and between the United States and Mexico: *Provided*, That such protection shall not be applicable after the date determined by the Secretary of Commerce under this subsection to property in transit upon which the United States Maritime Commission is authorized to provide marine war-risk insurance. The War Damage Corporation, with the approval of the Secretary of Commerce, may suspend, restrict, or otherwise limit such protection in any area to the extent that it may determine to be necessary or advisable in consideration of the loss of control over such area by the United States making it impossible or impracticable to provide such protection in such area.

(b) Subject to the authorizations and limitations prescribed in subsection (a), any loss or damage to any such property sustained subsequent to December 6, 1941, and prior to the date determined by the Secretary of Commerce under subsection (a), may be compensated by the War Damage Corporation without requiring a contract of insurance or the payment of premium or other charge, and such loss or damage may be adjusted as if a policy covering such property was in fact in force at the time of such loss or damage.

Under regulations issued by the Corporation and effective July 1, 1942, insurance will be written, for the present, on properties situated in the continental United States of America, Alaska, Virgin Islands, Hawaii, Puerto Rico, and the Canal Zone. Thus it would appear that property in the Philippines is not at present eligible for insurance but that losses to such property sustained between December 6, 1941, and July 1, 1942, might be compensable under section 5g (b) above quoted.

On June 18, 1942, a bill (H. R. 7261) was introduced in the House to amend the act of March 27, 1942, so as to extend war damage insurance protection to the Philippines after July 1, 1942. At the time this report is being written that bill had not been reported out of the Committee on Banking and Currency to which it had been referred.

Application to Philippines of United States law regulating entry and departure of persons from the United States.—As stated in the fifth report of the High Commissioner (p. 20) the Second National Assembly passed the Philippine Immigration Act of 1940. The act was ap-

proved by the President of the United States and took effect on January 1, 1941. It contains extensive provisions relating to the entry of immigrants into the Philippines and establishes a Bureau of Immigration to administer the act.

On June 21, 1941, the President of the United States approved Public Law 114, Seventy-seventh Congress (ch. 210, 55 Stat. 252) which amends certain sections of and supplements the act of May 22, 1918 (ch. 81, 40 Stat. 559; U. S. C., title 22, secs. 223-226). The latter act authorized the President to issue wartime restrictions upon the departure of persons from and their entry into the United States which was defined to include—

the Canal Zone and all territory and waters, continental or insular, subject to the jurisdiction of the United States.

By the amendments additional restrictions are imposed and the term "United States" is redefined to include the Philippines. Under the authority contained in the act, as amended, the President issued a proclamation on November 14, 1941 (6 F. R. 5821) containing rules, regulations and orders, governing the subject and delegating certain powers to the Secretary of State and the Attorney General.²⁰

It would appear that the Federal statute and regulations issued thereunder have superseded the Commonwealth Act to the extent that any conflict may exist.

SPECIAL SESSION OF THE PHILIPPINE ASSEMBLY

An extraordinary session of the Assembly was called in Manila on or about December 11, 1941, at which time it is reported to have approved (1) a resolution pledging to the United States the support and cooperation of the Commonwealth Government in the war against Japan and (2) a bill making all unexpended balances in general and special funds available for national defense and protection of the civilian population.

The Assembly also is reported to have approved, on or about December 16, 1941, a resolution declaring a state of total emergency and authorizing President Quezon to promulgate rules and regulations to meet the emergency. The President's first act was to commandeer food, fuel, building materials, and other necessities and to authorize severe penalties for hoarding. Also, he authorized the organization of a labor corps to serve as a military unit.

It is of interest to note that Commonwealth Act No. 620, which was approved June 6, 1941, amended section 1 of Commonwealth Act No. 600 (the so-called Emergency Powers Act, approved August 19, 1940, which is referred to in the fifth annual report of the High Commissioner) so as to give the President of the Philippines extraordinary powers and authority to promulgate rules and regulations having the force and effect of law "until the date of adjournment of the next regular session of the First Congress of the Philippines unless sooner amended or repealed by the Congress of the Philippines." No regular session of the First Congress of the Philippines has been held.

A description of Commonwealth Acts Nos. 600 and 620 may be found on pages 24 and 28, respectively, of the Fifth Annual Report of the High Commissioner.

²⁰ The order of the Department of State and the Immigration and Naturalization Service, issued under the act and proclamation, may be found in 6 F. R., at pp. 6069 and 5911, respectively.

COMMONWEALTH BILL REQUIRING APPROVAL BY THE PRESIDENT OF THE UNITED STATES

Bill No. 3217, which was passed by the National Assembly, third session, on May 22, 1941, and which authorized the President of the Philippines to prohibit, by proclamation, the exportation of food products and other articles or commodities of prime necessity, was submitted to the President of the United States for his approval or disapproval (see fifth annual report of High Commissioner, page 130).

The President withheld approval of the bill for the reason that the act of July 2, 1940 (ch. 508, 54 Stat. 712; U. S. C. title 50, sec. 701), an act to expedite the strengthening of the national defense, authorized the President to prohibit or curtail the export of strategic materials, and by the act of May 28, 1941 (ch. 134, 55 Stat. 206; U. S. C. title 50, sec. 702), the provisions of the act of July 2, 1940, were made to apply to "all Territories, dependencies, and possessions of the United States, including the Philippine Islands * * *." As stated by the President in a letter to President Quezon:

As you know, however, an act of the American Congress, providing for the control of exports of strategic materials, has recently been extended to the Philippines and is already functioning. It appears to offer the necessary machinery for controlling exports of foodstuffs and other articles of prime necessity from the Philippines, without the need of setting up a parallel administration in the Commonwealth Government. From the standpoint of efficiency and with a view to the avoidance of any possibility of duplication or conflict between two export control administrations, it seems to me best that the authority should be centralized under the administration already established.

The High Commissioner, after consultation with your Government, has given me a list of articles whose exportation from the Philippines should be subjected to control and I have signed a proclamation adding those articles to the list of controlled exports. Any additions to the list that may seem desirable in the future can be handled in the same way. I am sure you will find this a satisfactory solution to your problem, during the emergency, and I am, therefore, taking no action on bill No. 3217 for the time being.

In reply, President Quezon expressed agreement "on the advisability of concentrating the administration and control of these exports in one single authority for the time being."

ELECTIONS OF NOVEMBER 11, 1941

Amendments to the Constitution of the Philippines, which were approved by the President of the United States on December 2, 1940, changed the Commonwealth unicameral legislature to a bicameral body and altered the terms of office of the President and Vice President. Elections were held in November 1941 for the 24 members of the newly created Senate as well as for President, Vice President, and 98 members of the House of Representatives.

The convention of the Nationalist Party was held in Manila from August 16 to 19 and nominated its candidates for the Presidency, Vice Presidency, and the 24 members of the Senate. The Honorable Manuel L. Quezon and the Honorable Sergio Osmeña were renominated for President and Vice President, respectively.

The convention, numbering some 500 delegates, submitted a list of 81 names to the nominating committee. The committee then selected 24 from among the 81 thus submitted and these 24 were approved by the convention as the party's senatorial candidates without a dissenting vote. It was currently believed that the candidates had been

selected by President Quezon and other party leaders even before the convention convened. The nominees were:²¹

Antonio de las Alas, former Secretary of Finance.

Sultan Sa Romain Alonto, Lieutenant Governor of Lanao Province.

Melecio Arranz, former senator.

Nicolas Buendia, assemblyman.

Mariano J. Cuenco, former Secretary of Public Works and Communications.

Ramon J. Fernandez, shipping magnate, former senator.

Carlos P. Garcia, Governor of Bohol Province.

Domingo Imperial, justice of the court of appeals.

Vincente Madrigal, shipping magnate.

Daniel Maramba, assemblyman.

Jose Ozamiz.

Quintin Paredes, floor leader of the National Assembly.

Elipidio Quirino, former Secretary of Finance and of Interior.

Claro M. Recto, former senator.

Eulogio Rodriguez, mayor of Manila.

Esteban de la Rama, shipping magnate.

Norberto Romualdez, former Justice of the Supreme Court.

Manuel Roxas, Secretary of Finance.

Emilio Tria Tirona, former senator.

Ramon Torres, Governor of Negros Occidental.

José Yulo, Speaker of the National Assembly.

Candidates of the Nationalist Party for the 98 seats in the lower house were not nominated in the national convention, regional conventions being held in the legislative districts. As a general rule, it was required that 60 percent of the delegates to a regional convention must favor a candidate to obtain his nomination and that otherwise the party directorate would decide. There were, however, a number of exceptions. For example: (a) In districts where the opposition parties were regarded as unimportant, free zones were declared, which meant that two or more men of the Nationalist Party might stand against each other; (b) in some instances aspirants who had failed to receive 60 percent of the votes of the delegates were designated; and (c) in at least two instances dissatisfaction with the man who obtained more than 60 percent approval resulted in his being forced to withdraw. At the end of the nominating period 69 candidates of the Nationalist Party for the lower house had been officially approved and 23 districts had been declared free zones.

The platform adopted by the Nationalist Party included the statement that "we declare the unflinching determination of the Filipino people to obtain their independence." Also, Speaker Yulo in his keynote speech referred to the party's solemn dedication to independence and asserted that "the Philippines will become independent in 1946." President Quezon said during the course of his speech accepting the nomination for the presidency that "we as a party, we as a people—want—our own independent government—but whether our goal will be attained or not depends upon the outcome of the war."

On the subject of economic relations with the United States the Nationalist Party platform stated that "as our program of economic

²¹ Three of the candidates originally designated declined. This list shows the candidates of the Nationalist Party who actually filed certificates of candidacy.

adjustment has been drastically set back by present war conditions, we propose to secure from the United States, through the economic conference provided for in the Independence Act, or sooner if possible, a revision of the economic provisions of that act so that preferential trade with America may be allowed to continue after independence and shall not be terminated until the expiration of such period as may be considered reasonably necessary to permit the Philippines to make a proper adjustment of her economy."

In addition to the Nationalist Party there were 10 others represented by candidates for various elective offices at the November elections. None of the latter, however, was nation wide in scope and most were small local groups. The most important were: The radical wing of the Popular Front, led by Pedro Abad Santos and known as the Socialist-Communist Party; the right wing of the Popular Front, led by Juan Sumulong and differing little, if at all, in ideology from the Nationalist Party; the Young Philippines Ganap; and the National Democratic Party. Efforts of the two wings of the Popular Front and of the Young Philippines and the National Democrats to coalesce for election purposes failed and, as a result, each party had its own incomplete ticket.

It was a foregone conclusion that the Nationalist Party would obtain an overwhelming victory. The election laws were so devised that voting a split ticket was discouraged. Under a so-called block-voting system, prescribed by the new election law (Act No. 666) enacted in the preceding fiscal year, provision was made for voting a straight ticket by writing the name of the party at the top of the ballot.

The commission on elections on October 14 issued instructions that there were five parties whose name could be written in by persons wishing to vote a straight ticket; namely, the Nationalist Party, the Popular Front (Sumulong's right wing), the Popular Front (Pedro Abad Santos' left wing), Young Philippines and Ganap. The names of the candidates of the first three parties were printed on the ballots and the candidates of the other two were printed and displayed at the polls. This arrangement resulted in a handicap against the candidates of the smaller political groups.

Pedro Abad Santos, the presidential candidate of the most important minority party, withdrew on October 15 as candidate for President on the ground that his party had been denied the right to name election inspectors in certain districts where the results of the previous elections had given his party that right. In a statement to the press, Mr. Santos said: "We are denied the chance of participating in the election under fair conditions. I have no security that my votes will be counted in those electoral precincts where my party has no election inspectors" and "it is foolish to believe that the forthcoming election will be fair and clean, as far as my party and myself are concerned." As a result of Mr. Santos' withdrawal his party entered the election without a presidential candidate.

Of the 3,500,000 registered voters in the Philippines, some 2,000,000 or 57 percent of the electorate cast votes. President Quezon was reported to have been reelected by an 80 percent vote, his nearest competitor, Juan Sumulong, receiving less than 20 percent of the total votes cast. Vice President Osmeña won over his nearest competitor by an even wider margin, receiving some 82 percent of the vote.

The 24 senatorial candidates of the Nationalist Party won with ease, with the Nationalist candidate who received the lowest number of votes well ahead of the nearest opposition candidate.

Among the candidates for the 98 seats in the house of representatives, only three oppositionists were elected; one candidate of Sumulong's wing of the Popular Front, one Young Philippines candidate and one National Democrat candidate.

The overwhelming victory of the Nationalist Party was due to the personal popularity of its leaders and to an efficient political machine. A considerable number of potential opponents were dissuaded from competing in the elections by appointments to attractive political and administrative positions. Two outstanding pro-Japanese candidates of the Nationalist Party, Pio Duran, candidate in Albay Province, and Cesar Sotto, candidate in Davao, were defeated at the polls.

APPEALS FROM DECISIONS OF THE AUDITOR GENERAL

No appeal was taken from any decision of the Auditor General during the period under review.

PERSONNEL OF COMMONWEALTH CABINET ON CORREGIDOR AND IN THE UNITED STATES

As mentioned in the general statement, part I of this report, the President of the Philippines and certain other Commonwealth officials proceeded from Manila to Corregidor on December 24, 1941, and ultimately the majority of these officials were evacuated to the United States. President Quezon, in a letter dated September 30, 1942, to the Under Secretary of the Interior, stated that upon his transfer to Corregidor the members of his cabinet were:

Honorable Sergio Osmeña, Vice President of the Philippines and Secretary of Public Instruction.

Hon. José Abad Santos, Secretary of Justice and Finance.²²

Maj. Gen. Basilio J. Valdes, chief of staff, Philippine Army, Secretary of National Defense and Public Works and Communications.²²

President Quezon further stated that Mr. Santos resigned and that the Honorable Andres Soriano was appointed Secretary of Finance on March 26, 1942. The Honorable Joaquin M. Elizalde, Philippine Resident Commissioner, serves as a member of the Cabinet without portfolio.

COLLABORATION WITH JAPANESE GOVERNMENT

There appears to be little or no authentic information as to what, if any, collaboration took place with the Japanese Government on the part of American and Philippine citizens in localities outside of Manila. In January Gen. Emilio Aguinaldo, Mr. Jorge B. Vargas, formerly secretary to the President of the Commonwealth, and Hadja Gulamul Rasul, son of the late Prime Minister to the Sultan of Sulu, and a member of the National Assembly, made radio broadcasts from Manila in comparatively mild support of the Japanese, placing

²² In documents relating to the custody and destruction of Philippine currency on Corregidor, Chief Justice Santos signed his name variously as "Acting Secretary of Finance, Agriculture and Commerce" and "Acting Secretary of Finance." General Valdes signed his name on these documents as "Secretary of National Defense, Public Works, Communications, and Labor."

emphasis on the promise of the Japanese Prime Minister to grant independence to the Philippines.

More definite information exists as to the situation in Manila. Certain copies of the Manila Tribune, a daily apparently taken under control by the Japanese, for the months of January and February 1942 were made available to the High Commissioner while on Corregidor, and the information in this section is based on reports in the Tribune, in most instances confirmed by radio broadcasts from Manila heard at Corregidor, and intercepts subsequently reported by the Federal Communications Commission.

The Manila Tribune of January 25, 1942, printed the following letter of January 23, 1942, from Jorge B. Vargas and others to the commander in chief of the Japanese forces in the Philippines:

MANILA, PHILIPPINES, *January 23, 1942.*

HIS EXCELLENCY, THE COMMANDER IN CHIEF
OF THE IMPERIAL JAPANESE FORCES IN THE PHILIPPINES.

EXCELLENCY: In response to the message of Your Excellency as commander in chief of the Imperial Japanese forces, on the 8th of January 1942, through Hon. Jorge B. Vargas, we have duly taken note of the contents thereof and respectfully express our gratitude for Your Excellency's words of solicitude over the welfare of our people.

We beg to inform Your Excellency that, in compliance with your advice, and having in mind the great ideals, the freedom and the happiness of our country, we are ready to obey to the best of our ability and within the means at our disposal the orders issued by the Imperial Japanese forces for the maintenance of peace and order and the promotion of the well-being of our people under the Japanese military administration. Consequently, we have constituted ourselves into a provisional Philippine Council of State and we are immediately proceeding to draft our articles of organization in line with Your Excellency's advice.

Availing ourselves of this opportunity, we renew to Your Excellency the assurance of our highest consideration.

Jorge B. Vargas, José Yulo, Quintin Paredes, José P. Laurel, Benigno S. Aquino, Teofilo Sison, Rafael Alunan, Claro M. Recto, Jorge Bocobo, Leon G. Guinto, José Fabella,²³ Eulogio Rodriguez, Sotero Baluyut, Serafin Marabut, Emilio Aguinaldo, Vicente Madrigal, Ramon J. Fernandez, Antonio De Las Alas, Elpidio Quirino, José Zulueta, Dominador Tan, Francisco Lavidés, Ramon Avencena, Miguel Unson, Alejandro Rocés, Pedro Sabido, Alfonso Mendoza,²³ Melecio Arranz, Pedro C. Hernaez, Jose Ozamiz, José Veloso,²³ Ricardo Navarro, Prospero Sanidad,²³ Eugenio Perez.

Commenting on the foregoing letter the Tribune of the same date stated:

At the residence of Speaker José A. Yulo on Penafrancia last Friday morning, 30 prominent Filipino officials and private citizens, signed the document above constituting themselves a provisional Philippine Council of State. The signing of the document was preceded by preliminary meetings of an exploratory nature. In this document, addressed to the commander in chief of Japanese expeditionary forces, they pledged to obey the orders of the Imperial Japanese forces in the interest of the maintenance of peace and order and the promotion of the well-being of the people in the occupied territory. Four of thirty-four prominent Filipinos failed for various reasons to sign this document. They were Jose Fabella, Alfonso Mendoza, José Veloso, and Prospero Sanidad. It was this document which was presented to the representative of the commander in chief in the ceremony held last Friday afternoon at military headquarters. The Council of State formed the basis of the civil administration of the occupied territory and acts as an advisory to the Executive Commission. Jorge B. Vargas was appointed chairman of the Executive Commission by the commander in chief.

²³ Unsigned over typed names; all others signed.

On January 28, the Manila Tribune published the following:

COMMISSION DISCUSSES ORGANIZATION PLANS—APPROVAL OF MILITARY IS SOUGHT—SERVICES OF OLD EMPLOYEES MAY BE RETAINED

The Executive Commission of the civil administration established in the occupied territory held its first meeting at Malacanan yesterday afternoon to discuss plans for the organization of the new administrative organs under order No. 1 of the commander in chief of the Japanese expeditionary forces.

The Commission was reported to have reached an agreement on the general framework of the new government. Chairman Jorge B. Vargas, who presided over the meeting, will present the plan to the commander in chief for approval.

It was understood that efforts will be made to retain as many government employes in the service as possible, although substantial reduction may be made in salaries of officials in the higher brackets.

After the meeting yesterday, Chairman Vargas made an announcement asking the heads of the bureaus and offices existing prior to the Japanese occupation to report to the commissioners having jurisdiction over their former activities.

The commissioners may be reached in the following places:

Commissioner of Interior Benigno S. Aquino, at his residence or at the office of the former department of the interior.

Commissioner of Finance Antonio de las Alas, at his residence or at the office of the former department of finance.

Commissioner of Justice José P. Laurel, at his residence.

Commissioner of Agriculture and Commerce Rafael R. Alunan, at his residence.

Commissioner of Education, Health, and Public Welfare Claro M. Recto, at his residence or law office.

Commissioner of Public Works and Communications Quintin Paredes, at his residence or law office.

At the meeting yesterday afternoon, all the members of the commission were present. Chairman Vargas also invited Teofilo Sison, auditor general and director of the budget, and Serafin Marabut, executive secretary to the commission, to attend the meeting.

The members of the executive commission, who were appointed by the high command the previous day, assumed their office yesterday morning. They started preparation of the lists of their respective offices and bureaus.

Commissioner of the Interior Benigno S. Aquino conferred with the officials of the department of the interior yesterday. He took up the question of personnel of the department.

On January 29, 1942, President Quezon released a proclamation qualifying the claims to jurisdiction over the Philippines of the Council of State and Executive Commission erected by the Japanese Commander in Chief:

The determination of the Filipino people to continue fighting side by side with the United States until victory is won has in no way been weakened by the temporary reverses suffered by our arms. We are convinced that our sacrifices will be crowned with victory in the end and in that conviction we shall continue to resist the enemy with all our might. Japanese military forces are occupying sections of the Philippines comprising only one-third of our territory. In the remaining areas constitutional government is still in operation under my authority. I have no direct information concerning the veracity of the news broadcast from Tokyo that a commission composed of some well-known Filipinos has been recently organized in Manila to take charge of certain functions of civil government. The organization of such a commission, if true, can have no political significance not only because it is charged merely with purely administrative functions but also because the acquiescence by its members to serve in the commission was evidently for the purpose of safeguarding the welfare of the civilian population and can, in no way, reflect the sentiments of the Filipino toward the enemy. Such sentiments are still those I have repeatedly expressed in the past: Loyalty to America and resolute resistance against the invasion of our territory and liberties.

On January 31, 1942, the following broadcast was made by Jorge B. Vargas over station KZRH, Manila. The transcript was furnished

to the High Commissioner by the Office of the President of the Commonwealth at Corregidor:

Fellow countrymen and friends of the radio audience, because of circumstances beyond our control, the Philippines found herself involved in the war between Japan and the United States. As a result of this war, most of the Philippines has been placed under the military administration of the Imperial Japanese forces. In dealing with the occupied territory, however, the high command of the Imperial Japanese forces has expressed a deep desire to follow a benign and liberal policy predicated on the willingness of the people to cooperate with the military administration in the reestablishment of peace and order, and to that end has set up a national civil administration intended, among other things, to temper the rigors of martial law. The fact that the high command has seen it fit that the civil government be run by Filipinos under the control of the Imperial Japanese Army, should be a cause for gratification on the part of our people. These Filipinos have accepted this responsibility in the conviction that they will serve the best interests of their countrymen.

In my capacity as Chairman of the Executive Commission, I appeal to the people of the Philippines to return to their respective homes and resume their normal life to the end that law and order may be restored and so that they may be able to embark on the work of reconstruction and engage once more in productive enterprises.

The maintenance of law and order is a condition precedent to the attainment of normalcy because without it there would be anarchy and chaos. Our crops have to be harvested, our roads and bridges reconstructed, and our lines of communications restored; our gainful occupations have to be resumed and our industry rehabilitated. This we cannot accomplish under a reign of lawlessness and unless we cooperate fully with the Japanese military administration. And the sooner we salvage what is left of our possessions, the less suffering there will be in the end, and we will be that much nearer to the recovery of our economic well-being and security.

We cannot escape the inexorable fact that the fortunes of war have placed those of us in the occupied territories outside the protection of the United States and at the mercy of the Japanese military. We must have trust in the justice and fairness of the Japanese people. The illustrious Premier General Tojo of Japan, in a special pronouncement, promised us independence with honor. It is imperative, therefore, that we should refrain from committing acts which are detrimental or inimical to the interests of the Imperial Japanese forces.

Our people have never abandoned our ideals of freedom and independence which have welded us into one nation. Under the Japanese military administration, I am sure that united in a common cause and with the indomitable will which our people have shown on many an occasion, we shall be able to restore peace and tranquillity, rebuild our homes made desolate by the ravages of war and once more bring peace to our country.

With the aid of Divine Providence, I venture to hope that we shall be able ultimately to work out the realization of our national destiny.

The Manila Sunday News, an enemy newspaper which had been supported by Japanese interests in Manila for a considerable period prior to the war, continued publication and its issue of February 1, 1942, contained the following Executive Order No. 1 of Jorge B. Vargas as chairman of the Executive Commission:

EXECUTIVE ORDER No. 1

By the Chairman of the Executive Commission, Summary of Organizations of the Central Administration Organs and Judicial Courts

In accordance with Administrative Order No. 1 of the commander in chief of the Imperial Japanese forces in the Philippines dated January 30, 1942, and pursuant to the authority conferred upon me as head of the central administrative organization by Order No. 1 of the said commander in chief of the Imperial Japanese forces, it is hereby ordered that—

ARTICLE I

The central administrative organs and judicial courts are hereby reconstituted and shall function in accordance with the following summary of organization:

1. Central administrative organs

Chairman of the Executive Commission:

Budget and Auditing Office.

Bureau of Civil Service.

All examining boards.

Office of Executive Secretary to the Commission (Official Gazette).

Bureau of Purchase and Supply.

Bureau of Printing.

Government-owned or controlled corporations.

Department of the Interior:

Bureau of Local Governments (provincial, city municipal, and specially organized local governments including Greater Manila).

Bureau of Constabulary and Police.

Bureau of Religious Affairs.

Bureau of the Census and Statistics.

Department of Finance:

Bureau of the Treasury

Bureau of Customs and Internal Revenue.

Bureau of Financing.

(Including Banking, Insurance, etc.).

Government Service Insurance System.

Philippine Charity Sweepstakes.

Department of Justice:

Bureau of Justice.

Bureau of Prisons.

Court of Appeals.

Courts of first instance.

Provincial and city fiscals and sheriffs.

Justice of the peace courts and municipal courts.

Code Committee.

Department of Agriculture and Commerce:

Bureau of Agricultural Administration (including National Land Settlement and Rural Progress Administration).

Bureau of Plant and Animal Industry.

Bureau of Lands.

Bureau of Forestry and Fishery.

Bureau of Science.

Bureau of Commerce and Industries.

Bureau of Mines.

Weather Bureau.

Department of Education, Health, and Public Welfare:

Bureau of Public Instruction.

Bureau of Private Education.

Bureau of Physical Education.

Bureau of Health (including Quarantine Service).

Bureau of Public Welfare (including matters pertaining to labor).

University of the Philippines.

National Library.

Institute of National Language.

Philippine General Hospital.

Department of Public Works and Communications:

Bureau of Public Works.

Bureau of Communications.

Bureau of Transportation.

Bureau of Public Utilities.

Metropolitan Waterworks Office.

2. Superior Court

Supreme Court.

ARTICLE II

The specific duties, functions, and activities to be performed by the administrative departments, bureaus, and offices as herein reconstituted, will be determined and defined in subsequent executive orders.

Done in the city of Greater Manila, Philippines, this 30th day of January 1942.

JORGE B. VARGAS,
Chairman, Executive Commission.

From various sources as indicated a list of officials under the central administration of the Japanese Military Government was compiled by the Office of the High Commissioner, as follows:

1. From the (Manila) Sunday Tribune, February 8, 1942:
 - Leon Guinto, mayor of Greater Manila.
 - Jorge B. Vargas, chairman of the Executive Commission.
 - Serafin Marabut, secretary of the Executive Commission.
 - Hilario Lara, Director of Public Welfare.
 - Lt. Procopio Beltran, chief of police, San Juan.
 - Lt. Cirilo Abaya, chief of police, Mandaluyong.
 - Lt. Nicolas Guiwa, chief of police, Quezon City.
 - Lt. Francisco Polotan, chief of police, Pasay.
 - Lt. Pioquinto Bergado, chief of police, Caloocan.
 - Lt. Lorenzo Ballanka, chief of police, San Pedro Makati.
 - Lt. Claro Weber, chief of police, Paranaque.
 - Juan Nolasco, assistant mayor of Greater Manila.
 - Benigno S. Aquino, Commissioner of the Interior.
 - José Yulo, Chief Justice of Supreme Court.
 - Ricardo Paras, Justice of Supreme Court.
 - Jorge C. Bocobo, Justice of Supreme Court.
 - Manuel M. de Hazanas, clerk of court.
 - Emilio Abello, Assistant Commissioner of Justice.
 - Jose P. Laurel, Commissioner of Justice.
 - Santiago Estrada, Governor of Pangasinan, conferring with officials of Department of Justice.
 - Mariano C. Icasiano, city health officer.
 - José Figueras, Unemployment Section, City Hall.
 - Celedonio Salvador, Director of Private Education.
 - Gabriel Manalac, Director of Education.
 - Eusebio Aguilar, Director of Health.
2. From the (Manila) Tribune, February 15, 1942:
 - Pio Duran, member of Council of State; "Duran's appointment increases the membership of the Council to 35."
 - Justiniano Montano, recommended to be mayor of Cavite, vice Col. Arsenio Natividad, the latter having been called by the Interior Department to help Gen. José de los Reyes in reorganizing the constabulary and to act as liaison officer between Commissioner Benigno Aquino and Gen. de los Reyes.
 - José Garrido, director, Bureau of Transportation.
 - Cornelio Balmaceda, director, Bureau of Commerce.

Because of war conditions it has been impossible to secure further details or confirmation of the above reports.

VI. GENERAL ECONOMIC CONDITIONS AND OVERSEAS TRADE

Discussion of economic conditions in the Philippines during 1941 is limited by the absence of statistical reports and records. Due to the intervention of the war only the data covering overseas trade for the period January to September are available, primarily from monthly summaries of the insular collector of customs. Respecting domestic trade, communications, transportation, and production, only fragmentary reports from secondary sources are available.

The basic conditions of Philippine economy, existing up to the hour of enemy attack, need be recalled here only in topical summary:

(a) The Philippines were engaged almost wholly in agricultural and extractive industries. The entire economy rested on the production of foodstuffs, and of agricultural, forestal, and mineral raw materials the bulk of which are exported to distant countries.

(b) By value over 80 percent of Philippine exports were marketed in the United States, largely under the protection of near duty-free entry and high prices resulting from the application in the United States of high tariffs against competing goods from other countries.

(c) The 40 years of political connection between the Philippines and the United States resulted in an unvarying relation of currencies, sound financial and commercial connections, and marked similarities in consumer habits.

(d) Banking, manufacture, foreign trade, domestic wholesale and retail trading, public utilities including transportation and communication services, mineral production, off-shore fishing, and lumbering were principally in the hands of American, British, Chinese, and Japanese minorities who have no direct voice in local government. Except insofar as the local government subsidized or capitalized banking, manufacturing, and trading, the mass population confined its energies mainly to agriculture.

(e) While nearly three-fourths of the area of the Philippines is suitable for agriculture less than half had been brought into cultivation or pasturage; settlement of new land had been painfully slow; the population piled up in extraordinary density along the coasts with continued reparcelment of 2 to 5 hectare freeholds and tenancies; and the number of landless farmers increased annually.

There were many exceptions and numbers of important secondary factors, but the foregoing generalities—taken as such—continued in 1941 to describe the basic character of Philippine economy. The artificiality of the situation and the difficulties of building political independence upon such a foundation were long since realized by native leaders, some of whom had opposed free trade relations when these were first established in 1909. However, the direct profit of preferential trade relations with the United States accrued to the benefit of the land-owning and planter groups who were by and large in final control of political movements. Simultaneously, in the United States, pressure groups representing constituencies who perceived real or fancied competition from Philippine sugar, cordage, vegetable oils, tobacco, and other commodities, together with those who believed in independence for the Philippines from the standpoint of rights of self-determination or from that of isolationism, came to dominate American thought as to future relations between the two countries. The conjunction of these influences brought about Congressional legislation providing for Philippine independence at the end of a 10-year transitional period.

When the Tydings-McDuffie Act (Public, 127, 73d Cong.) was passed in 1934 it was hoped that the quotas and graduated export tax levies on goods destined for the flag area would have the effect of causing an adjustment of the Philippine economy to a position independent of preferences in the American market. Subsequent developments, however, considerably modified the Philippine economic program and outlook: (1) The original quotas were generously near previous normal production levels, except for cordage, and the export tax levies (beginning at 5 percent of United States foreign import rates for 1941 and moving upward by annual increments of 5 percent to 25 percent for 1945 and the first half of 1946) were not sufficiently heavy up to the outbreak of the war to effect a shift to foreign markets or a serious curtailment of production of leading export items, other than coconut oil and tobacco products: (2) the Tydings Cordage Act (Public, 137, 74th Cong.) approved June 14, 1935, increased the Tydings-McDuffie Act annual duty-free quota of 3,000,000 pounds to an absolute quota of 6,000,000 which approximated normal shipments to the United States; (3) the act of August 7, 1939 (Public, 367, 77th Cong.) lifted the export tax levies from coconut oil, cigars, leaf tobacco, pearl buttons, and largely from embroideries; (4) in response to representations of the Commonwealth Government, the act of December 22, 1941 (Public, 367, 77th Cong.) suspended application of

declining quotas and increasing export taxes for the year 1942 and provided that the quota quantities and export tax rates for 1943 should be those provided for 1941; (5) it was early discovered that foreign demand was to be had only at world price levels which were well below the normal cost of production of the Philippine products involved; (6) fear of adverse economic and political conditions within the islands subsequent to independence and the Sino-Japanese War drove some private investment capital of native, American, and foreign origin into retirement and to a substantial extent into transfer abroad; (7) the spread of hostilities through Europe and Asia closed markets, weakened peacetime demand, dissolved established commercial connections with foreign countries, and restricted cargo tonnage; (8) the Commonwealth increased internal taxation on business and capital; (9) the Commonwealth expended a large part of the coconut oil excise tax fund, designed to finance new markets and new products, in public works and in other fields having little direct bearing on the problem of economic adjustment.

The experience of the Commonwealth Government in expending the coconut oil funds prior to the outbreak of war with Japan emphasized the difficulty of effecting, by means of Government expenditures, the reorganization of the economy of the country so as to cushion the shock of independence. It had been hoped that production might be shifted from branches of agriculture and industry dependent upon protected markets in the United States to others which would be able to compete in world markets after free trade with the United States should be eliminated. It had been hoped, also, that production in some branches might be made more efficient, thus facilitating competition with other countries, and that production for local consumption might be developed.

It would be difficult to demonstrate that much actual progress was made toward the attainment of these objectives. Other forces, pulling in the opposite direction, were so much stronger that the Philippines steadily became more rather than less dependent upon the United States both economically and financially. War in Europe and elsewhere during the period when coconut oil funds were available to the Commonwealth both curtailed outlets for Philippine products and cut off imports from many foreign countries. At the same time preparations for war created a strong demand by the United States for strategic materials from the Philippines. These factors continued to increase even further the already large proportion of Philippine foreign trade with the United States.

There is little evidence that coconut oil expenditures would have caused important shifts in production even if there had been no war. No concerted program was developed for the use of these funds on a large scale to induce a shift from sugar or any other Philippine product to other products less dependent upon trade preferences in the United States. There is, moreover, much to support the view that the development of such a program would not have been politically feasible even under the best of conditions.

By the end of the calendar year 1941 the invasion of the enemy brought about the abrupt suspension of trade between the United States and the Philippines. Pending reoccupation of the islands by the United States, in all probability the invaders will do whatever is possible under war conditions to orient Philippine economy

as closely toward Japan as it was formerly oriented toward the United States, but with this difference—that the net gain will rest with Japan and the minimum of profit accrue to the Philippines.

OVERSEAS TRADE

Data from Philippine sources covering overseas trade are not available for the last quarter of the calendar year. Discussion is limited, therefore, to the 9-month period January through September, inclusive. During this period the total trade value was ₱491,065,269, which was 11 percent above the ₱440,796,940 for the corresponding period in 1940 and over 84 percent of the trade value for the entire year 1940. Had conditions remained normal during the last quarter of the year there appears little doubt that total values for the year would have registered an all-time high. It is even probable that imports and exports for the period October 1 to December 7, 1941 (there were some clearances later in December under active war conditions), brought the total to well above the 1940 calendar year figure.

TABLE 1.—*Summary of Philippine overseas trade values*

[Source: Reports of the insular collector of customs and the United States Consulate, Manila]

| Item | 1940, January through September | 1941, January through September |
|---|---------------------------------|---------------------------------|
| Exports in millions of pesos: ¹ | | |
| To the United States and possessions: | | |
| General..... | 134 | 150 |
| Gold and silver..... | 53 | 77 |
| Total..... | 192 | 227 |
| To other countries..... | 35 | 41 |
| To all countries..... | 230 | 268 |
| Imports in millions of pesos: ² | | |
| From the United States and possessions..... | 166 | 130 |
| From other countries..... | 45 | 43 |
| From all countries..... | 211 | 223 |
| Total trade in millions of pesos: | | |
| With the United States and possessions..... | 353 | 407 |
| With other countries..... | 83 | 84 |
| With all countries..... | 441 | 491 |
| Ratio of trade with the United States and possessions, percent: | | |
| Exports..... | 83 | 85 |
| Imports..... | 79 | 81 |
| Total trade..... | 81 | 83 |

¹ Includes reexports, approximately ₱4,000,000 January through September 1940 and nearly ₱10,000,000 for the same period in 1941.

² Includes negligible value of returned Philippine exports.

The break-down of total trade values set forth in table 1 shows that exports for the first 9 months of 1941 amounted to ₱268,000,000 as compared with ₱230,000,000 in the same period of 1940. The increase was due primarily to higher prices for copra, coconut oil, abaca and many of the minor export wares; ₱223,000,000 represented imports, well in excess of the import values January through September 1940. As in 1940, the increased value of imports was in good part due to Government purchases for public works and military procurement from

local stocks.²⁴ In addition, importers experienced a growing shortage of tonnage and anticipated American involvement in the World War and for these reasons extended their reserve stocks, particularly of foods and cloth.

Exports of gold and silver.—The export of gold and silver bullion reached ₱77,000,000 by September 31 as compared with ₱58,000,000 at the same date in 1940, and ₱79,000,000 for the whole of 1940. Eliminating the value of gold and silver exports, the trade values for the two periods under review in millions of pesos would stand as follows:

[000,000 omitted]

| | 1940, January through September | 1941, January through September |
|------------------|---------------------------------|---------------------------------|
| Exports..... | Pesos 172 | Pesos 191 |
| Imports..... | 211 | 223 |
| Total trade..... | 383 | 414 |

To the ₱75,500,000 of gold and ₱1,500,000 of silver shipped prior to October 1 must be added at least ₱12,000,000 dispatched in October and November and the undetermined value of several hundred bars taken into custody by the High Commissioner during December, held for 2 months at Corregidor, and brought as submarine ballast to the United States. The precious metals constituted nearly 29 percent of the value of all exports during January through September 1941. The data include only bullion and concentrates and no coin or remelted metal. Gold was valued at ₱70 per fine ounce, and silver as invoiced.

Predominance of trade with the United States.—Table 1 also shows the predominance of the United States and its other possessions in the trade economy of the Philippines. In addition to the fundamental positive considerations of mutual free trade, stable monetary exchange, and close commercial and banking connections within the flag area, the restrictions of wartime embargoes, quotas, blocked exchange, and the shortage of bottoms to Europe, and hostile blockades combined to divert business to Philippine-United States trade routes. It has long been customary to consider shipments to and from the United States and its possessions as in the nature of domestic trade. If the values in trade within the flag area be deducted, the truly foreign-trade values of the Philippines, as expressed in millions of pesos, appear small:

| | 1940, January through September | 1941, January through September |
|------------------|---------------------------------|---------------------------------|
| Exports..... | 38 | 41 |
| Imports..... | 45 | 43 |
| Total trade..... | 83 | 84 |

²⁴ Military procurement from sources outside the Philippines is not generally covered in Commonwealth customs statistics.

The January through September 1941 ratio of the value of United States trade with that of all countries was 83 percent as compared with 81 percent during the first three quarters of the preceding year. In exports, the comparison was 85 percent against 83 percent; and in imports 81 percent against 79 percent.

Reexports.—The value of reexports was never substantial before 1940. During that year they reached a total of over ₱6,500,000. For the first 9 months of 1941 the value rose to nearly ₱10,000,000 by reason of sales to nearby countries—particularly to China and Japan—from the unusually heavy Philippine stocks of American goods. This activity was checked during the second half of the year by the extension of export control measures to transshipments and reexports.

Trade by countries.—The war in Europe was the dominant factor in Philippine trade by countries. The trade routes to Europe were handicapped by a growing shortage of cargo tonnage. War blockades coupled with United States export control measures all but eliminated trade with the Axis and Axis-controlled countries. In the Orient these factors were not present to so great an extent. However, Japan was unable because of her military campaigns in China and elsewhere to furnish many of the commodities which the Philippines have customarily imported from that country.

Dividing Philippine trade by continental groups and comparing the January through September reports for 1940 and 1941, it is evident that trade with Europe declined from ₱23,700,000 to ₱7,100,000—a drop of 70 percent. This decline was more than offset by a gain of 14 percent in trade with the United States—₱407,000,000 against ₱357,800,000—and by the additional gain of 36 percent in trade with Asia and Oceania—₱70,900,000 against ₱52,400,000.

TABLE 2.—*Total Philippine overseas trade by countries, in millions of pesos*

[Source: Reports of the insular collector of customs and the United States Consulate, Manila]

| Item | 1940, January through September | 1941, January through September |
|--|---------------------------------|---------------------------------|
| United States and possessions..... | 357.8 | 407.0 |
| Europe: | | |
| Great Britain..... | 8.2 | 4.5 |
| Germany..... | .2 | N |
| France..... | 3.8 | N |
| Italy..... | 1.4 | N |
| Netherlands..... | 2.5 | N |
| Spain..... | 1.9 | 1.0 |
| Switzerland..... | .8 | .7 |
| Sweden..... | 2.2 | .2 |
| Other..... | 2.7 | .7 |
| Total..... | (23.7) | (7.1) |
| Asia and Oceania: | | |
| Australia..... | 3.6 | 3.6 |
| British East Indies, India, and Burma..... | 5.8 | 7.1 |
| China..... | 6.9 | 13.9 |
| French East Indies..... | 1.0 | .1 |
| Hong Kong..... | 3.4 | 6.6 |
| Japan..... | 20.9 | 22.8 |
| Netherlands East Indies..... | 6.7 | 11.6 |
| Other..... | 4.1 | 5.2 |
| Total..... | (52.4) | (70.9) |

N=Negligible, less than ₱100,000.

TABLE 2.—*Total Philippine overseas trade by countries, in millions of pesos—Con.*

| Item | 1940, January through September | 1941, January through September |
|-------------------|---------------------------------|---------------------------------|
| America: | | |
| Canada..... | 3.6 | 3.4 |
| Other..... | 1.6 | 1.4 |
| Total..... | (5.2) | (4.8) |
| Unclassified..... | 1.7 | 1.0 |
| Total..... | 440.8 | 490.8 |

Trade with Germany, Italy, Belgium, France, Netherlands, and Norway practically disappeared. Trade with Great Britain declined to a little over half its value in 1940. Among neutrals, only the trade with Switzerland held its position. In the Orient, there was no change in respect to Australia. Trade with China, Japan, Hong Kong, and the Netherlands East Indies improved. Also, the British East Indian trade, including India and Burma, increased substantially.

TABLE 3.—*Philippine exports by countries of destination, in millions of pesos*

[Source: Reports of the insular collector of customs and the United States Consulate, Manila]

| Item | 1940, January through September | 1941, January through September |
|--|---------------------------------|---------------------------------|
| United States and possessions..... | 191.8 | 226.8 |
| Europe: | | |
| Great Britain..... | 5.4 | 2.5 |
| Germany..... | | |
| France..... | 3.1 | |
| Italy..... | .8 | |
| Netherlands..... | N | |
| Spain..... | 1.6 | .6 |
| Switzerland..... | | |
| Sweden..... | 1.5 | |
| Other..... | 1.2 | .4 |
| Total..... | (13.6) | (3.5) |
| Asia and Oceania: | | |
| Australia..... | .7 | .6 |
| British East Indies, India, and Burma..... | .6 | 2.5 |
| China..... | 2.7 | 6.8 |
| French East Indies..... | | |
| Hong Kong..... | 2.1 | 5.0 |
| Japan..... | 11.6 | 15.7 |
| Netherlands East Indies..... | 1.0 | .9 |
| Other..... | 2.5 | 3.7 |
| Total..... | (21.2) | (35.2) |
| America: | | |
| Canada..... | 1.1 | .5 |
| Other..... | .9 | 1.0 |
| Total..... | (2.0) | (1.5) |
| Unclassified..... | 1.3 | .8 |
| Total..... | 229.9 | 267.8 |

N = Negligible, less than \$100,000.

In general the regional trends and shifts noted for total trade values applied also to the value of exports during the two periods under consideration. Exports to the United States increased from ₱191,800,000 to ₱226,800,000—an increase of more than 18 percent. Exports to Great Britain and to neutral countries in Europe declined to less than one-half of their 1940 level, while exports to the Axis area disappeared. Trade with Asia and Oceania totaled ₱35,200,000 against ₱21,200,000, with increases in the value of sales to all important oriental countries except Netherlands East Indies. The value of exports to British East India, including India, and Burma, more than quadrupled. Exports to China at ₱6,800,000 were more than double. Similarly the value of exports to Japan, ₱15,700,000, was up 35 percent.

TABLE 4.—*Philippine imports by countries of origin, in millions of pesos*

[Source: Reports of the insular collector of customs and the United States Consulate, Manila]

| Item | 1940 January through September | 1941 January through September |
|---------------------------------------|--------------------------------|--------------------------------|
| United States and Possessions | 166.0 | 180.2 |
| Europe: | | |
| Great Britain | 2.8 | 2.0 |
| Germany | .2 | N |
| France | .7 | N |
| Italy | .6 | N |
| Netherlands | 2.5 | N |
| Spain | .3 | .4 |
| Switzerland | .8 | .7 |
| Sweden | .7 | .2 |
| Other | 1.5 | .3 |
| Total | (10.1) | (3.6) |
| Asia and Oceania: | | |
| Australia | 2.9 | 3.0 |
| British East Indies, India, and Burma | 5.2 | 4.7 |
| China | 4.2 | 7.1 |
| French East Indies | 1.0 | .2 |
| Hong Kong | 1.3 | 1.6 |
| Japan | 9.3 | 7.1 |
| Netherlands East Indies | 5.7 | 10.7 |
| Other | 1.6 | 1.5 |
| Total | (31.2) | (35.9) |
| America: | | |
| Canada | 2.5 | 2.9 |
| Other | .7 | .4 |
| Total | (3.2) | (3.3) |
| Unclassified | .4 | .2 |
| Total | 210.9 | 223.2 |

N = Negligible, less than ₱100,000.

Import values roughly paralleled the trend in export trade except that the gain in reference to the United States was relatively lower. The value of goods imported from the United States during the first three quarters of 1941 was ₱180,200,000 as compared with ₱166,000,000 during the same period of the previous year, an advance of slightly less than 9 percent. Purchases from Europe as a whole were ₱3,600,000, slightly more than one-third of the corresponding 1940 value. Imports from the Axis area were negligible and greatly reduced with respect to all other European countries. There was little change in the value of imports from Australia. Declines were registered in respect to the

British and French East Indies and Japan. Imports from China increased from ₱4,200,000 to ₱7,100,000 and from the Netherlands East Indies from ₱5,700,000 to ₱10,700,000.

Balance of trade.—A comparison of import and export trade values allows presentation in table 5 of the visible balance of trade.

TABLE 5.—Visible balance of Philippine trade

[In millions of pesos]

| Item | 1940, January through September | 1941, January through September |
|--|--|--|
| United States and possessions..... | +25.8 | +46.6 |
| Europe: | | |
| Great Britain..... | +2.6 | +1.5 |
| Germany..... | —2 | —N |
| France..... | +2.4 | —N |
| Italy..... | +2 | —N |
| Netherlands..... | —2.5 | —N |
| Spain..... | +1.3 | +2 |
| Switzerland..... | —8 | —7 |
| Sweden..... | +8 | —2 |
| Other..... | —3 | +1 |
| Total..... | (+3.5) | (—1) |
| Asia and Oceania: | | |
| Australia..... | —2.2 | —2.4 |
| British East Indies, India, and Burma..... | —4.6 | —2.2 |
| China..... | —1.5 | —3 |
| French East Indies..... | —1.0 | —2 |
| Hong Kong..... | +8 | +3.4 |
| Japan..... | +2.3 | +8.6 |
| Netherlands East Indies..... | —4.7 | —9.8 |
| Other..... | +9 | +2.2 |
| Total..... | (—10.0) | (—7) |
| America: | | |
| Canada..... | —1.4 | —2.4 |
| Other..... | +2 | +6 |
| Total..... | (—1.2) | (—1.8) |
| Unclassified..... | +9 | +6 |
| Total..... | +19.0 | +44.6 |

N=Negligible, less than ₱100,000.

Table 5 proves again the sustaining value to the Philippines of her trade with the United States. For nearly three decades the gain derived from the excess of exports over imports in trade with the United States has more than wiped out the net loss in trade with the rest of the world and has provided a substantial over-all net income. This income has been the source of: (1) Government revenue by which public works, educational, health, and welfare programs were carried out; (2) the better part of private investment capital and its availability at reasonable rates of interest; and (3) the increased standard of living, particularly evident among those of the urban class.

Trade with Europe as a whole and with Japan turned toward the positive in 1940 and so remained in 1941. To a large extent this was due to the war-created scarcity of goods available for shipment from these countries to the Philippines. Under normal conditions Philippine trade with Europe was in practical balance while that with Japan was usually on the negative side.

The foregoing consideration of the balance of trade was based solely on the movement of merchandise plus gold and silver. Data are not at hand for estimating the Philippine balance of international payments for any part of 1941. The United States Tariff Commission²⁵ reported the average annual balance of both visible and invisible items for the period 1925-1934, inclusive, at a positive net of over ₱16,000,000. The High Commissioner²⁶ estimated the Philippine balance of international payments at a positive net of ₱54,700,000 for 1939 and ₱32,600,000 for 1940, and stated that the balances from 1935 to 1938 also appeared to have been positive.

For the first 11 months of 1941 the situation would have been approximately the same as for 1940 with the following exceptions: (1) debits for ocean freight and insurance increased; (2) capital movement outward increased; and (3) United States Government military and naval expenditures in the Philippines increased several fold over any previous year, probably in sufficient amount to afford a net gain in international payments.

Exports by commodities.—Data covering Philippine exports by commodities are limited to values, to a restricted classification, and to the first three quarters of 1941. The mineral-products group advanced to first place for the first time in the history of Philippine trade. Sugar, coconut products, and fiber products followed in the order indicated. The available figures appear in table 6 with those for the corresponding period in 1940 offered for comparison.

TABLE 6.—*Value of principal Philippine exports, in thousands of pesos*

[Source: Reports of the Insular Collector of Customs and the United States consulate, Manila]

| Item | 1940 January through September | 1941 January through September |
|--|---|---|
| Coconut products: | | |
| Coconut oil..... | 16,659 | 22,436 |
| Copra..... | 14,989 | 16,823 |
| Copra cake and meal..... | 2,300 | 834 |
| Desiccated coconut..... | 5,253 | 9,433 |
| Vegetable butter and lard..... | 1,012 | 1,319 |
| Total..... | 40,213 | 50,845 |
| Fibers and manufactures thereof: | | |
| Abaca (Manila hemp)..... | 16,824 | 29,139 |
| Cordage..... | 2,509 | 3,105 |
| Embroideries..... | 5,894 | 5,727 |
| Other fibers..... | 880 | 1,318 |
| Other fiber manufactures..... | 258 | 1,629 |
| Total..... | 26,365 | 40,918 |
| Forest products and manufactures thereof: | | |
| Logs and timber..... | 2,251 | 1,475 |
| Lumber..... | 2,938 | 5,665 |
| Rattan and manufactures thereof..... | 363 | 609 |
| Rubber, crude..... | 508 | 549 |
| Total..... | 6,060 | 8,298 |

²⁵ U. S. Tariff Commission: United States-Philippine Trade, Rept. 118, 2d Ser., Washington, 1937, pp. 33-38.

²⁶ United States High Commissioner to the Philippine Islands: Fourth Report to the President and Congress of the United States, Washington, 1942, unpublished MS, pp. 96-97.

TABLE 6.—*Value of principal Philippine exports, in thousands of pesos—Con.*

| Item | 1940 January through September | 1941 January through September |
|--|---|---|
| Mineral products: | | |
| Chrome ore..... | 2, 585 | 4, 295 |
| Copper ore and matte..... | 195 | 327 |
| Copper concentrates..... | 1, 541 | 1, 362 |
| Iron ore..... | 4, 365 | 4, 077 |
| Manganese ore..... | 1, 010 | 1, 316 |
| Gold (bullion, etc.)..... | 56, 240 | 75, 538 |
| Silver..... | 1, 465 | 1, 548 |
| Other mineral products..... | 488 | 881 |
| Total..... | 67, 889 | 89, 344 |
| Sea products: | | |
| Buttons, pearl..... | 294 | 386 |
| Fish, canned tuna..... | 261 | 453 |
| Total..... | 555 | 839 |
| Sugars: | | |
| Centrifugal..... | 63, 571 | 47, 993 |
| Refined..... | 7, 606 | 6, 658 |
| Total..... | 71, 177 | 54, 651 |
| Tobacco and manufactures thereof: | | |
| Cigars..... | 4, 543 | 4, 065 |
| Leaf..... | 1, 202 | 610 |
| Other tobacco..... | 852 | 951 |
| Total..... | 6, 597 | 5, 626 |
| Unclassified: | | |
| Hides and skins..... | 318 | 462 |
| Pineapple, canned..... | 4, 432 | 2, 651 |
| Unspecified plant products..... | 1, 576 | 3, 102 |
| Unspecified unclassified..... | 820 | 1, 237 |
| Total..... | 7, 146 | 7, 452 |
| Total domestic exports..... | 226, 002 | 257, 973 |
| Reexports..... | 3, 933 | 9, 880 |
| Total exports..... | 229, 935 | 267, 853 |

The total value of coconut products was ₱50,845,000, or 24 percent better than during the corresponding period of the previous year. The increase was due entirely to the price factor. From the beginning of the year the price for copra and coconut oil was strong. The local market price for copra of ₱6 per hundred kilos in March was the highest since 1939 and from this level the price increased to ₱11.50 in October. Coconut oil reached a local price exceeding ₱0.22 per kilo. The market for desiccated coconut was also strong. Copra cake and meal were out-listed for shipping space after the first quarter of the year. A great deal of copra cake and meal was burned in factory and power-plant boilers, and later in the year producers abandoned or discarded the byproduct. Manila arrivals and stocks of copra at the end of September were well above the September 1940 position due to the attractive prices which stimulated collection with a tendency toward lower grade by reason of premature collection. The Cebu market showed a similar position in respect to arrivals but stocks of copra at the southern market were reduced because of the unusually high oil production of the three mills located in that area. The estimated stocks at both Manila and Cebu were in the neighborhood of 90,000 picul sacks. The stocks of coconut oil, Manila and Cebu

combined, were estimated at just under 30,000 metric tons on September 30 as compared with less than 20,000 on the same date in 1940. The destination of the various coconut products exported in thousands of metric tons was:

| Destination | 1940 January through September | 1941 January through September | Destination | 1940 January through September | 1941 January through September |
|----------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
| Copra: | | | Copra cake and meal: | | |
| United States..... | 167.8 | 173.0 | United States..... | 55.6 | 42.9 |
| Europe..... | 61.0 | ----- | Europe..... | 14.3 | ----- |
| China..... | ----- | 8.5 | Other countries..... | .4 | .6 |
| Japan..... | .1 | 29.2 | Total..... | 70.3 | 43.5 |
| Other countries..... | 19.7 | 8.3 | | | |
| Total..... | 248.6 | 219.0 | Desiccated coconut: | | |
| Coconut oil: | | | United States..... | 27.9 | 46.3 |
| United States..... | 124.6 | 135.3 | Other countries..... | N | .1 |
| Canada..... | 8.0 | ----- | Total..... | 27.9 | 46.4 |
| Europe..... | 8.5 | ----- | | | |
| China..... | .6 | 5.5 | | | |
| Hong Kong..... | 4.1 | 1.5 | | | |
| Japan..... | N | 14.4 | | | |
| Other countries..... | 2.0 | 2.2 | | | |
| Total..... | 147.8 | 158.9 | | | |

N=Negligible.

There was a distinct advance in all items under fibers and manufactures thereof except embroideries, which dropped slightly in value. Due to price advances, and in spite of the prohibition during the latter part of the year against shipment of cordage grades to Japan, the value for abaca exports, ₱29,139,000, was nearly double that during January through September 1940. Stocks of abaca at the end of September were approximately 150,000 bales, including decorticated fiber, which was about 10,000 bales less than at the end of September 1940. For the entire period of 9 months, 1941, balings were reported from official inspection services at 1,108,113 bales as against 951,110 bales for the same period in 1940. The destination of exports for the first three quarters of 1941 and 1940 as compiled by the Trade Section of the United States consulate in Manila²⁷ in thousands of bales was as follows:

| Destination | 1940, January through September | 1941, January through September |
|----------------------|---------------------------------|---------------------------------|
| United States..... | 338 | 724 |
| Great Britain..... | 265 | 66 |
| Japan..... | 253 | 215 |
| Other countries..... | 128 | 117 |
| Total..... | 989 | 1,122 |

The value of cordage exported, ₱3,105,000, increased by 20 percent over the 1940 period. Exports of cordage for the first 9 months of 1940 and 1941 in metric tons were reported by the collector of customs as follows:

²⁷ Monthly Trade Review of the Philippine Islands, vol. XIV, No. 9, September-October 1941, p. 28.

| Destination | 1940, January through September | 1941, January through September |
|---|---------------------------------|---------------------------------|
| United States..... | 2,784 | 2,392 |
| British Africa..... | 52 | 308 |
| British East Indies including Malaya..... | 945 | 885 |
| China..... | 431 | 361 |
| French East Indies..... | 91 | 202 |
| Hong Kong..... | 278 | 432 |
| India..... | 21 | 526 |
| Netherlands East Indies..... | 774 | 1,269 |
| South and Central America..... | 863 | 894 |
| Thailand..... | 569 | 492 |
| Other countries..... | 803 | 577 |
| Total..... | 7,611 | 8,338 |

Among forest products the recession in the value of logs and timber continued. With shipping space at a premium, the Japanese, Chinese, and Australian markets preferred sawn lumber. The value of lumber exports at ₱5,665,000 registered the highest level in many years. The total value for the forest group, ₱8,298,000, was more than a third better than during the corresponding period of the previous year. The destination of timber and lumber exports in millions of board feet was reported by the Insular Collector of Customs as below:

| Destination | 1940, January through September | 1941, January through September | Destination | 1940, January through September | 1941, January through September |
|-------------------------|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|
| Logs and timber: | | | Lumber: | | |
| United States..... | 1.1 | 0.6 | United States..... | 17.2 | 28.5 |
| Australia..... | .9 | .7 | Australia..... | 2.2 | 5.0 |
| China..... | 25.4 | 20.4 | China..... | 2.8 | 12.7 |
| Japan..... | 68.0 | 40.2 | Great Britain..... | 11.6 | 9.7 |
| Other countries..... | 6.0 | ----- | Hong Kong..... | .8 | 11.7 |
| Total..... | 101.4 | 61.9 | Other countries..... | 5.8 | 4.9 |
| | | | Total..... | 40.4 | 72.5 |

Mineral exports showed a total value of ₱89,344,000 as compared with ₱67,889,000 for January through September 1940. Subtracting the value of gold and silver, which is considered elsewhere in the report, the base metals accounted for ₱12,258,000 as against ₱10,184,000 during the three quarters of 1940. Chrome and manganese had priority in shipping space from the first of the year and their export was encouraged by high prices. Copper was granted priority at a later date and its development was handicapped by low price and by interruption of process at the Lepanto mine while the capacity of the matte mill was being enlarged. Some copper and manganese and all of the iron ore were shipped to Japan, otherwise the destination for all mineral products was the United States. From May on the gold content of copper ore from the Lepanto mine (which supplied over 90 percent of exports) increased rapidly and was reported as 30 to 40 percent of the value realized from several lots. Iron ore to Japan was put on an annual quota basis of approximately 900,000 wet-cargo tons in June. The quota was later reduced and requirements as to guarantee of nonmilitary use halted all shipments after September. However, Japanese purchasers failed to send sufficient ships between June and October to cover their quota.

Among sea products there were comparative increases both in pearl buttons exported to the United States under quota and in canned tuna fish.

Centrifugal and refined sugar at ₱54,651,000 suffered severely from a lack of bottoms and the effect of the United States ceiling price of \$0.035 per pound effective after the middle of the year. At the outbreak of war it was estimated that approximately 80,000 long tons of United States export sugar out of the 800,000 long-ton quota had not found shipping space.

The tobacco group at ₱5,626,000 was at its lowest level in many years. Only cigars held up and even these dropped in value by about 10 percent as compared with the previous year. The total number of cigars shipped during the first 9 months of 1941 was 126,000,000 to the United States and 11,000,000 to other countries; for the same period 1940, 126,000,000 to the United States and 14,000,000 to other countries. Nearly half of the leaf tobacco was exported to Spain while the United States took practically the entire output of scraps and filler.

Imports by commodities.—Statistical material on Philippine imports in 1941 is meager. It is possible to arrange a gross classification and the values for the first 9 months of the calendar year together with comparative values for the same period in 1940. This treatment is presented in table 7.

TABLE 7.—*Value of principal Philippine imports, in thousands of pesos*

[Source: Reports of the Insular Collector of Customs and the United States consulate, Manila]

| Item | 1940, January through September | 1941, January through September |
|---|---------------------------------|---------------------------------|
| Foodstuffs: | | |
| Cocoa, coffee, tea..... | 1, 826 | 3, 196 |
| Dairy products..... | 7, 042 | 8, 586 |
| Fish products..... | 2, 478 | 2, 535 |
| Fruits..... | 2, 244 | 2, 334 |
| Meat products..... | 1, 995 | 1, 669 |
| Rice..... | 2, 206 | 1, 104 |
| Sugar, confectionery..... | 1, 130 | 1, 170 |
| Vegetables..... | 2, 984 | 3, 346 |
| Wheat flour..... | 7, 730 | 10, 352 |
| Other grains and manufactures thereof..... | 1, 746 | 2, 328 |
| Total..... | 31, 381 | 36, 650 |
| Metals and manufactures thereof: | | |
| Iron and steel: | | |
| Semimanufactures..... | 10, 350 | 6, 140 |
| Mill products..... | 5, 080 | 4, 266 |
| Advanced manufactures..... | 6, 275 | 5, 059 |
| Machinery and parts: | | |
| Agricultural..... | 374 | 232 |
| Electrical..... | 5, 557 | 8, 055 |
| Other, except vehicles..... | 11, 543 | 9, 200 |
| Nonferrous metals and manufactures thereof..... | 3, 264 | 2, 929 |
| Vehicles and parts: | | |
| Automobiles and trucks..... | 5, 435 | 3, 897 |
| Automotive parts..... | 2, 563 | 2, 798 |
| Other vehicles and parts..... | 2, 239 | 2, 133 |
| Other metals and manufactures thereof..... | 3, 335 | 3, 689 |
| Total..... | 56, 025 | 48, 398 |
| Nonmetallic minerals and chemicals and manufactures thereof: | | |
| Chemicals, drugs, and dyes..... | 3, 566 | 4, 737 |
| Coal and coke..... | 2, 196 | 1, 093 |
| Explosives..... | 2, 643 | 3, 683 |
| Fertilizers..... | 5, 817 | 1, 459 |
| Glass products..... | 1, 620 | 1, 550 |

TABLE 7.—Value of principal Philippine imports, in thousands of pesos—Continued

| Item | 1940, January through September | 1941, January through September |
|--|---------------------------------|---------------------------------|
| Clay products..... | 1, 306 | 1, 602 |
| Medicines..... | 2, 791 | 3, 415 |
| Mineral oils: | | |
| Bunker and Diesel..... | 6, 124 | 8, 120 |
| Gasoline..... | 6, 951 | 7, 013 |
| Kerosene..... | 2, 648 | 1, 860 |
| Lubricating..... | 2, 191 | 2, 559 |
| Other petroleum products..... | 1, 381 | 1, 551 |
| Paints, pigments, and varnishes..... | 1, 568 | 1, 739 |
| Soap and toilet preparations..... | 2, 088 | 2, 888 |
| Other nonmetallic minerals and chemicals and manufactures thereof..... | 266 | 291 |
| Total..... | 43, 156 | 43, 620 |
| Textiles and manufactures thereof: | | |
| Cotton piece goods..... | 19, 259 | 24, 222 |
| Cotton goods except piece goods..... | 8, 450 | 9, 813 |
| Jute goods..... | 3, 444 | 3, 857 |
| Rayon goods..... | 7, 274 | 9, 749 |
| Silk goods..... | 833 | 632 |
| Woolen goods..... | 876 | 781 |
| Other textiles and manufactures thereof..... | 965 | 631 |
| Total..... | 41, 101 | 49, 685 |
| Unclassified: | | |
| Leather products..... | 2, 502 | 3, 563 |
| Paper and manufactures thereof: | | |
| Printing paper..... | 2, 783 | 2, 388 |
| Other paper products..... | 7, 702 | 8, 220 |
| Rubber products: | | |
| Automotive tires..... | 2, 598 | 3, 888 |
| Other rubber products..... | 1, 406 | 1, 979 |
| Spirits, wines, liquors, and beverages..... | 1, 018 | 1, 361 |
| Tobacco products: | | |
| Cigarettes..... | 9, 926 | 12, 815 |
| Other tobacco products..... | 1, 616 | 1, 411 |
| Unspecified animal products..... | 1, 029 | 448 |
| Unspecified plant products..... | 2, 569 | 3, 041 |
| Unspecified unclassified..... | 5, 988 | 5, 745 |
| Total..... | 39, 197 | 44, 859 |
| Total imports..... | 210, 860 | 223, 212 |

The total value of foodstuff imports, January through September 1941, was reported by the Insular Collector of Customs at ₱36,650,000, nearly 20 percent above the value of similar imports during the same months in 1940. As usual, wheat flour and dairy products together accounted for half the value of all foodstuffs brought in from abroad. Origin of the flour was principally American:

| Source | Metric tons | |
|----------------------|---------------------------------|---------------------------------|
| | 1940, January through September | 1941, January through September |
| United States..... | 60, 109 | 73, 353 |
| Australia..... | 13, 212 | 15, 074 |
| Canada..... | 8, 347 | 11, 257 |
| Other countries..... | 21 | 5 |
| Total..... | 81, 689 | 99, 689 |

The United States was the principal source of imported milk. Netherlands supplies, comparatively heavy in 1940, were negligible in 1941:

| Source | Metric tons | | Source | Metric tons | |
|----------------------|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|
| | 1940, January through September | 1941, January through September | | 1940, January through September | 1941, January through September |
| Evaporated milk: | | | Condensed milk: | | |
| United States..... | 8,501 | 14,670 | United States..... | 1,292 | 3,945 |
| Netherlands..... | 3,486 | | Netherlands..... | 2,536 | |
| Japan..... | 589 | 246 | Australia..... | 929 | 61 |
| Other countries..... | 8 | 17 | Other countries..... | 185 | 281 |
| Total..... | 12,584 | 14,933 | Total..... | 4,942 | 4,287 |

In addition, over 500 tons of tinned natural milk and 600 tons of powdered milk were imported in 1941, principally from the United States. Butter continued principally from Australia and cheese was divided as between the United States and Australia. Rice imports were down by 50 percent due in part to a fair domestic crop. In spite of the serious efforts of the National Rice and Corn Corporation to import from Thailand and Indochina, this was difficult after the middle of the year and it was impossible to build up the special reserves which were planned. Other foodstuff imports in 1941 included 6,000 metric tons of fresh fruit, principally oranges and apples, almost entirely from the United States; 6,500 metric tons of onions, mostly from China; an equal quantity of potatoes, largely from the United States; and 150 metric tons of fresh vegetables from the United States. There was little change from 1940 in the quantity or type of fruit and vegetable items. Canned fish imports consisted of 7,170 metric tons of sardines and pilchards, 400 metric tons of salmon, and 225 metric tons of mackerel. Except for 775 tons of pilchards, practically all fish was from the United States.

The value of metals and their manufactures was ₱48,398,000 as compared with ₱56,025,000 for the first 9 months of 1940. Declines in the import values of iron and steel goods and in automobiles more than offset a substantial increase in the value of electrical machinery. Demand in all items was heavy, but from June on it was nearly impossible to obtain priorities from United States producers and shipping space was not available. By the end of the third quarter practically all stocks in this group were depleted. There had been considerable transshipment and reexport to China, Indochina, and southeast Asia until such transactions were brought under export control measures in August.

Imports of passenger automobiles were lower in number than during any recent year. From January through September 1,399 cars (all but 6 from the United States; 260 reexported) were brought in as against 2,523 in the same period of 1940. The corresponding figures for trucks were 1,125 and 1,572, respectively.

The nonmetallic mineral group showed usual value at ₱43,620,000. Fertilizers, coal, and coke imports were greatly reduced, but losses in these items were offset by increases in drugs, explosives, medicines, gasoline, and fuel oil.

The year 1941 was marked by heavy imports in cloth and clothing. The textile group totaled ₱49,685,000 in value for the first three quarters of the year—a greater value than that usually recorded for an entire year. The United States supplied considerably more than half the yardage. Imports of Japanese goods were sharply curtailed after July due to the practical cessation of transport between the two countries. The United States consulate published the following details relative to the source of cotton and rayon piece goods imported:

| Source | Thousands of square yards | | Source | Thousands of square yards | |
|----------------------|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|
| | 1940, January through September | 1941, January through September | | 1940, January through September | 1941, January through September |
| Cotton piece goods: | | | Rayon piece goods: | | |
| United States..... | 50, 835 | 57, 616 | United States..... | 8, 533 | 11, 563 |
| Japan..... | 21, 378 | 20, 239 | Japan..... | 1, 959 | 1, 384 |
| China..... | 4, 614 | 11, 092 | Other countries..... | 486 | 124 |
| Other countries..... | 2, 378 | 3, 499 | Total..... | 10, 978 | 13, 071 |
| Total..... | 79, 205 | 92, 446 | | | |

Among the unclassified items, major increases were in leather goods, automobile and truck tires, and cigarettes. In tires the following detail was taken from the reports of the Insular Collector of Customs:

| Source | Thousands of pieces | | Source | Thousands of pieces | |
|----------------------|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|
| | 1940, January through September | 1941, January through September | | 1940, January through September | 1941, January through September |
| Casings: | | | Tubes: | | |
| United States..... | 96 | 144 | United States..... | 79 | 121 |
| Japan..... | 4 | 1 | Japan..... | 3 | 1 |
| Other countries..... | 4 | 1 | Other countries..... | 3 | 1 |
| Total..... | 104 | 145 | Total..... | 85 | 121 |

The over 30-percent increase in the value of imported cigarettes was due in large part to sales by local dealers to Army and Navy stores, although the major purchases for the two services were imported directly and are not shown in the customs statistics. With very minor exceptions cigarette imports were from the United States. Efforts on the part of several large cigarette factories in the Philippines to produce a blended bright tobacco cigarette for competition with American brands continued without material success.

TRANSPORTATION

Shipping.—The trade section of the United States consulate in Manila²⁸ reported as follows:

Shipping.—Although exports of priority materials to the United States showed an increase, total export tonnage declined sharply in September. This was due partly to the cessation of iron ore and log exports to Japan, but nevertheless the trend seems to be distinctly toward fewer and fewer bottoms. The Watermann Line, which formerly had four or five ships calling here, now routes its ships direct from the Straits Settlements to the United States.

²⁸ Monthly Trade Review of the Philippine Islands, vol. XIV, No. 9, September–October 1941, p. 17.

Interisland shipping is still in an overburdened condition. Dealers are now experiencing considerable difficulty in bringing commodities like lumber to Manila. Warehouse space and lighters in Manila are insufficient for the requirements of the trade.

Export cargo totals dropped considerably from August. Shipments to China and Japan were less by one-half while shipments to the United States were one-third below August. Part of this drop can be traced to the decline in sugar shipments. Although the total of Philippine export tonnage has risen steadily from 1938 to June 1941, there has been a sharp decline since that time. Total export tonnage for the third quarter of this year was 17 percent less than for the same period of 1938—a pre-war year. September sailings were the lowest of any month this year. Sailings during the third quarter of 1941 were 27 percent below the figure for the same period of 1938. Details are as follows (in tons):

| | Total 9 months | |
|------------------------------|----------------|-----------|
| | 1940 | 1941 |
| China and Japan..... | 1,121,226 | 1,196,486 |
| Pacific coast: | | |
| Local delivery..... | 310,409 | 377,511 |
| Overland delivery..... | 36,559 | 33,965 |
| Atlantic and Gulf ports..... | 1,022,342 | 1,008,495 |
| European ports..... | 165,200 | 27,544 |
| Miscellaneous ports..... | 53,148 | 97,661 |
| Total..... | 2,708,884 | 2,741,662 |
| Sailings (in number): | | |
| Total..... | 773 | 690 |
| American..... | 162 | 217 |

Details of imports and exports by nationality of carrying vessels during the first 9 months of 1940 and 1941 are as follows (in pesos):

| | Total, 9 months | | | Total, 9 months | |
|-----------------|-----------------|-------------|-----------------|-----------------|-------------|
| | 1940 | 1941 | | 1940 | 1941 |
| Import trade: | | | Export trade: | | |
| Philippine..... | 13,341,480 | 18,623,610 | Philippine..... | 7,629,237 | 17,148,376 |
| American..... | 92,842,958 | 120,665,572 | American..... | 66,356,120 | 93,914,900 |
| British..... | 21,699,638 | 8,695,748 | British..... | 14,491,226 | 6,301,030 |
| Danish..... | 7,785,653 | 438,606 | Danish..... | 3,742,160 | 262,638 |
| Dutch..... | 14,170,886 | 14,113,914 | Dutch..... | 8,206,686 | 4,932,131 |
| German..... | 9,571 | | German..... | 1,736 | |
| Italian..... | 1,887,708 | 1,108 | Italian..... | 959,879 | |
| Japanese..... | 8,723,265 | 7,591,658 | Japanese..... | 35,507,990 | 25,069,661 |
| Norwegian..... | 41,411,615 | 41,427,238 | Norwegian..... | 25,417,251 | 39,571,479 |
| Swedish..... | 3,265,164 | 2,915,146 | Swedish..... | 7,500,712 | 2,123,431 |
| Others..... | 703,898 | 3,902,680 | Others..... | 5,040,569 | 8,492,205 |
| Aircraft..... | 67,981 | 196,018 | Aircraft..... | 80,289 | 58,807 |
| Mail..... | 5,197,020 | 4,641,074 | Mail..... | 17,709,448 | 69,978,239 |
| Total..... | 211,106,827 | 223,212,372 | Total..... | 192,743,301 | 267,852,897 |

Manila Railroad.—Freight carloadings of the Manila Railroad increased slightly above the figure for the same period last year. Rice, lumber, sugar, and copra accounted for over half of the volume. Lumber and copra loadings rose considerably. Details are as follows (in tons):

| | 38 weeks ended Sept. 20— | | | 38 weeks ended Sept. 20— | |
|----------------|-----------------------------|---------|---|-----------------------------|-----------|
| | 1940 | 1941 | | 1940 | 1941 |
| Rice..... | 68,370 | 83,783 | Mineral products..... | 33,966 | 24,584 |
| Palay..... | 14,193 | 13,636 | Lumber and timber..... | 72,900 | 89,610 |
| Sugar..... | 174,254 | 201,024 | Manufactures..... | 38,682 | 47,665 |
| Sugarcane..... | 441,031 | 413,990 | All others including less than carload lots..... | 207,682 | 248,134 |
| Copra..... | 56,039 | 60,859 | Total..... | 1,116,960 | 1,211,148 |
| Coconuts..... | 6,411 | 25,887 | | | |
| Molasses..... | 3,432 | 2,176 | | | |

AGRICULTURAL PRODUCTION

No details as to agricultural production for 1941 are available. During the year the rice crop was reported in varying estimates. In August a considerable shortage in the December crop was anticipated. Improved weather conditions—except for floods in central Luzon which destroyed approximately 5 percent of the crop in three provinces—warranted a revision by late September and a near sufficiency crop was forecast. The outbreak of war came at a time which coincided with the major rice harvests in north and central Luzon. The landing of the enemy during the second week in December stimulated rapid early harvesting which in some instances resulted in the gathering of slightly immature grain. A further effect of the war was the partial break-down of storage and milling facilities in the path of the invader. However, neither the enemy nor the population of Manila was able to obtain new rice or other cereals in any considerable quantity. Under normal conditions in the Philippines more than 50 percent of the crop is consumed in situ by the producers, their landlords, tenants, households, and neighbors and only about 40 percent of Luzon rice in scattered small lots usually enters inter-municipal commerce. But with war conditions even this fraction could not be mobilized. Most of it in the form of unhusked rice, or palay, was carried off into the hills and hoarded by the refugees of the central plain.

There was an unusually large production of corn in the southern provinces, in the Cagayan Valley, and its planting had spread into La Union and Pangasinan Provinces on the north and in Laguna and Batangas Provinces on the south. Conditions of war fear among the mass population and the wise encouragement of the Commonwealth's agricultural administration resulted in abnormally heavy plantings in September and October of yams, other edible roots, and short-season and cash crops.

The production of sugar, coconuts, and abaca was normal or better. The production of tobacco declined. The production of rubber continued to increase. Banana production was exceptionally large on the island of Luzon, but local droughts decreased this and other fruit crops in the central and southern islands.

MINERAL PRODUCTION

As noted under overseas trade, mineral production was at an all-time high. During November and in fact until Christmas the run-off of gold was exceptional. After December 8 all mining companies made every effort to clear out their mills. The principal companies and the value of their gold production, in millions of pesos, for the first 9 months of 1940 and 1941 were as follows:

| Company | 1940, January through September | 1941, January through September | Company | 1940, January through September | 1941, January through September |
|----------------------|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|
| Balatoe Mining | 10.1 | 10.4 | United Paracale | 2.6 | 2.6 |
| Benguet Consolidated | 8.2 | 8.0 | I. X. L. | 2.3 | 2.2 |
| Mindanao Mother Lode | 1.5 | 5.1 | Antamok | 2.0 | 2.1 |
| Masbate Consolidated | 4.7 | 4.8 | Surigao Consolidated | 1.5 | 2.1 |
| Itoyon | 3.8 | 4.3 | Other companies | 15.3 | 19.1 |
| San Mauricio | 4.5 | 3.8 | | | |
| Big Wedge | 1.5 | 2.6 | Total | 58.0 | 67.1 |

A classification of production by districts indicates that the Benguet district improved slightly over previous years, the Paracale-Camarines district about held its own, and marked increases in production were recorded for the Surigao district, which includes Mindano Mother Lode.

Production of chrome ore for the first 9 months of 1941 in metric tons was reported at approximately 315,000; manganese at 52,000; copper matte and concentrates at 107,000; copper ore at 24,000 and iron ore at 695,000.

FOREST PRODUCTION

No information other than that presented under overseas trade was available to this Office for the year 1941.

MANUFACTURE AND MERCHANDISING

There was little if any change in the ownership and development of manufacturing with the exception of increased production of the coarser grades of cloth by the Government-owned textile mills. All power factories were working at capacity throughout the year and although there is no accurate data available, the output must have been from 15 to 35 percent better by volume and from 25 to 50 percent better by value than during the preceding year.

In merchandising there was a considerable decline in the number of Japanese stores and some liquidation of American and British establishments. The Pacific Commercial Co. (American), which for many years had been the largest single general merchandise importing and wholesaling establishment in the islands, decided upon liquidation early in the year. It was in the final process of selling its agencies and closing out its stocks when war with Japan was declared.

ECONOMIC LEGISLATION

The only important economic legislation during the period under review was the act of December 22, 1941 (Public, 367, 77th Cong.) which suspended application of declining quotas and increasing export taxes for the year 1942 and provided that the quota quantities and export tax rates for 1943 should be those originally provided for 1941; those for 1944 as originally provided for 1942; those for 1945 and the first half of 1946 as originally provided for 1943. Theoretically, the effect of this law was to reduce the adjustment factor of the Tydings-McDuffie Act as amended from a 25 percent to a 15 percent maximum at independence in 1946 and to restore trade relations between the United States and the Philippines for the year 1942 to the free-trade status with the exception of the quotas originally established prior to 1941. Practically, war conditions have so far prevented the application of the law or its utility for the year 1942.

The action was taken in response to a resolution for amelioration of economic conditions passed by the National Assembly. For the full text of Public, 367, see "Federal Legislation Affecting the Philippines" in section IV of this report (p. 71).

VII. SOCIAL CONDITIONS

A summary of recent social conditions in the Philippines was presented in the fifth report.²⁹ Particular attention was invited to the unwholesome growth of the landless rural class, the troublesome agrarian unrest principally in central Luzon, the extension of licensed gambling, and the spread of crime in the Mohammedan and pagan provinces. There were no substantial changes in basic social trends between June 30, 1941, and December 8, when the Japanese attacked the islands. However, certain new conditions developed incident to the approach and actuality of war which deserve mention.

EMPLOYMENT

The shortage in high seas tonnage left about 10 percent of the 1941 United States sugar quota unshipped. While this in itself had no immediate social effect, the prospect that little or no sugar could be shipped in 1942 resulted in curtailment of planting and cultivation with consequent unemployment among agricultural laborers in central Luzon, Negros, and Panay.

The limitation of iron ore exports to Japan, and their effectual prohibition after September, caused serious unemployment in the several municipalities in the iron mining districts.

By mid-September interisland tonnage was greatly reduced and the resulting stoppage in movement of crops and commodities left numerous "pockets" of unemployment which could not readily be absorbed by the civil and military public works programs. In fact, many public projects and much private construction were halted because of the unavailability of building materials.

FEAR OF WAR

Among the peasantry and townspeople alike there were growing anxiety and fear that the Philippines would fall within the theater of war operations, or at least suffer by blockade which could be expected to cut off communication with the United States and other sources of supplementary food stocks. There was considerable hoarding, especially in urban districts. An anxious concern as to the future, perceptible but not intense, developed among the people for the first time since American occupation. The various classes of the Philippine Army reserve were called to the colors in August and were inducted into the United States Army in groups during the following several months. This indicated the nearness of war; and people remembered President Quezon's statement in a public address in March 1940 that "he was no longer of the opinion that the Philippines can defend itself against the aggression of a first-class power."³⁰ In spite of widespread anxiety, however, there was no evidence of cowardice nor any lessening in the steadfast loyalty of the people to the United States.

WARTIME REACTION

When in December 1941 war burst upon the Philippines, the reaction of the great bulk of the Philippine people was admirable. As the enemy attacked and invaded Luzon, reaching Manila on January 2,

²⁹ U. S. High Commissioner to the Philippine Islands: Fifth Report to the President and Congress of the United States; Washington, 1942, pp. 34-39.

³⁰ Philippines Herald, Manila, March 26, 1940.

the mass population exhibited a calmness and a stout-hearted serenity that were quite striking. There was no panic and no social disorganization. So far as is known, there were exceptionally few desertions of war workers and domestic employees. The people realized that their arms were being defeated, but they faced the situation without recriminations and with the typical self-confidence of an agricultural community strongly reliant on the family and village system. They adopted their own simple but effective decisions and maintained an admirable solidarity. As the enemy approached, the rice harvest and other food crops were hurriedly gathered in; and families on foot and in every kind of vehicle available moved to the hills and up-country villages. About a quarter of the population of Manila is said to have evacuated. The migrations were voluntary and orderly.

The reaction of the non-Filipino elements in the population was varied. The American and friendly European communities displayed a remarkable equanimity. A large majority of American men who were military effectives joined the Army or Navy, either as reservists or volunteers. American and Filipino women had joined together long before the outbreak of war in all-out assistance to the Red Cross, and their activity was greatly intensified in December. So far as possible all business houses and offices remained open even under fire, prices were not unduly advanced (necessities were under Commonwealth regulation) and hoarding was limited. Anticipation of personal disaster was marked among the Chinese, but neither panic nor defeatism was exhibited, and their cooperation was complete in the handling of food and other essential supplies in which many of them were personally engaged. There was little or no attempt to take advantage of their controlling position in the retail trade. The Spanish and French communities had been divided within themselves on general attitudes respecting the European war, but with few exceptions, all gave expression of sympathy for the American and Filipino cause in the Orient. German citizens were also divided as between residents of long standing who were either antagonistic or cool toward the current military policies of Germany and a smaller group who were active in support of Axis aggression. The Japanese groups in and about Manila were quiet and orderly, and were reserved in the expression to others of elation in the turn of events.

It should be added that the foregoing comment is based upon observations and reports made prior to the Japanese entry of Manila, after which no authentic evidence is available.

VIII. PRE-WAR JAPANESE INFLUENCE

Prior to the outbreak of the war there had been for some years a continuous growth of Japanese effort in the Philippines, chiefly in the Davao district and in the shipping and deep-sea fishing industries.

LAND SETTLEMENT

Japanese land settlement was practically confined to the Province of Davao, although there was a belated and limited effort to push westward from the Davao area toward the upper valley of the Rio Grande de Cotabato and southwest into the Sarangani Bay district. The Japanese sought unoccupied areas and were careful not to encroach on

the thickly populated coastal and central plains of Luzon and the Visayan Islands. Widespread malarial infection prevented settlement by Filipinos, Japanese, or others on the large island of Mindoro lying just south of the entrance to Manila Bay.

In respect to Davao, the Japanese were confronted during most of the period of settlement by the Philippine land and natural resources laws. These laws forbade purchase of the public domain in parcels of more than 250 acres or leasing in parcels exceeding 2,500 acres. No purchase or lease of public land was permitted by persons other than citizens of the Philippines or of the United States (the latter until Philippine independence). The same was true of partnerships and companies controlled by other nationals.

Japanese control of abaca (Manila hemp) lands of Davao had been acquired largely before 1920 and almost wholly before 1930 by a lease and contract system. Under this system the typical procedure was as follows: A Filipino (in several instances government officials) or an American would lawfully obtain a 25-year lease from the Government on not to exceed 2,500 acres of the public domain adjacent to or near the central establishment of a Japanese development company (mainly Ohta Development Co. or Furukawa Plantation Co.) and thereafter execute a contract with the Japanese company, whereby the company guaranteed to clear, plant, and manage crop production on the area, pay all taxes and other land costs, and return to the lessee from the Government a fixed percentage, generally 15 percent, of the gross revenue from operation of the leasehold. The laws forbade subleasing, but the interested parties held that the agreements were "managerial contracts" and not subleases. There is no available record of a court decision on the point.

After execution of the contract the Japanese company would clear the land, divide it into 25 to 100-acre lots, build access roads, and assign each lot to a Japanese farmer—usually one of Okinawa blood. More frequently than not, the cost of clearing, subdividing, and road construction was more than covered by the value of the logs, lumber, and other products of the overburden. The Japanese development companies thus came to control a "private" road system within land under their control, exceeding in kilometerage even the public highway system. Gates were set up along these private roads, but public use was allowed generally. Japanese assignees of lots were represented by the companies to the Government and outsiders as overseers or foremen, but they were led to believe that the assignment was land granted in perpetuity which they should hold against all comers. As emigration to the Philippines was selective and closely controlled by the Japanese government and as this government through indirect means retained a large measure of control over emigrants, the companies with the aid of the consul at Davao experienced no difficulty in selection of competent assignees nor in exerting a comprehensive social and economic discipline over them. The assignees usually employed one or two male Japanese relatives, in training to become future assignees, and under these assistants were a number of Filipino laborers, none of whom was ever advanced to the position of assignee of company lots.

Through the system described, through acquirement of land by marriage to natives (generally of Okinawas to pagan Bagobo hill women under recognized but loose tribal customary law), and through direct

purchase in lawful instances, the Japanese, at a minimum of capital investment, came into control of more than 150,000 acres out of some 360,000 devoted to agriculture in the Province of Davao.

When the Province of Davao was opened to settlement in the early days of American occupation Americans introduced large-scale abaca and coconut production. During the first 15 years of development more than 50 sizable holdings were taken up by Americans. These energetic pioneers, using native laborers and native overseers and tenants, selected and seeded the appropriate varieties, developed the agricultural techniques, introduced food crops and secondary crops, invented fiber stripping and cleaning machinery and processes, established the grading system, and developed commercial connections in the London and New York markets.

American enterprise in Davao, particularly in respect to abaca, waned after 1920 for various reasons. The Japanese had entered in numbers by 1912 and their company-tenant system had distinct competitive advantages over the American plantation system. The promise of near-future independence in the Jones Act upset the then prevailing idea of a permanent American settlement in Davao. For the same reason, and with an anticipation of nationalistic land laws eliminating Americans after independence, the risk of further capital investment appeared unwarranted. Finally, there were social reasons which argued against the growth of American development. The first generation were approaching retirement and their sons, many of them educated, married, and employed in the United States, had no desire to succeed in the management of plantations within a growing nucleus of Japanese economic control. For the Japanese, the American promise of Philippine independence was taken as an encouragement rather than a deterrent to further investment.

For generally different, but equally effective reasons, Filipino development in Davao remained secondary. Many had no access to the moderate capital required and those who had, found better opportunity in sugar production in Negros which was under development at the same time, required less risk, and, with free entry and high tariff protection in the United States, guaranteed greater profits. Davao, on the south front of Mindanao Island, was far away from the cultural centers of the various dialectal groups of the Christian Filipinos—it was particularly far from the center of the most energetic migrant and land settling group, the Ilocanos of north Luzon—and sufficient public land on Luzon was scheduled for homesteading. Davao was a pagan and Mohammedan population area, culturally repugnant to Christian Filipinos. Moreover, it was a special province in which all officers of government were appointive, while Filipinos in the north and central provinces were still in the first enjoyment of political enfranchisement.

COMMERCIAL PENETRATION

From 1900 until well after the First World War there were comparatively few Japanese enterprises in the Philippines outside of Davao and they were engaged principally as carpenters, mechanics, photographers and the like. There were less than a score of Japanese retail stores, concentrated in Manila, and the bulk of the export-import trade with Japan was carried on by other nationals. However,

during the past two decades Japanese commercial penetration strengthened and broadened. By 1940 practically all Japanese commercial houses doing foreign business and practically all shipping companies had branches, offices, or agencies in the Philippines. Some of the houses, particularly Mitsui Bussan Kaisha, had representation in every port of entry and in many inland market towns. The number of retail establishments reached several hundred but were still concentrated in the larger centers of population and did business largely on a cash basis, in this respect differing from the Chinese retailers who continued to cover a large volume of store credit in their dealings with Filipino small farmers. After the beginning of Sino-Japanese hostilities Chinese retailers boycotted Japanese goods. This encouraged an increase in the number and a dispersal throughout the archipelago of Japanese retail stores.

A review of commercial statistics will show the gradual but no less definite growth of Japanese interest in Philippine shipping, including shipping between the Philippines and the United States, and the remarkable increase in some Japanese export lines, particularly in textiles. From 1935 on, the State Department succeeded in retaining for American producers approximately one-half of the textile market through a quota agreement with Japanese textile exporters. The cheaper lines of hardware, steel goods, rubber footwear, and certain types of Japanese tinned goods, including milk, made rapid strides in the market in spite of Philippine import duties and the Japanese boycott. In 1940 there began a slow decline in Japanese commercial interest in the Philippines largely because of the diversion of the Japanese industrial plant and shipping tonnage to military and naval purposes. In 1941 there was a considerable net emigration of Japanese from the Philippines. However, there was no faltering in commercial representation. During the earlier part of 1941 the principal tonnage available for the shipment of Philippine sugar to the United States was that of Japanese bottoms. Taking advantage of this situation, Mitsui Bussan Kaisha and other Japanese financial and mercantile interests entered into the direct purchase of sugar from planters, generally at less than the normal market price, at a time when other agencies without tonnage in sight were unable to make substantial purchases.

MINERAL PRODUCTION

The Japanese were unable because of the laws respecting natural resources to openly enter in the rapid development of mineral industries which occurred after 1930. In spite of this handicap, by means of loans and contracts and through dummy corporations, they were able to acquire a limited interest. Prior to 1941, Japan was the principal market for Philippine chrome, manganese, and copper, and the only market for Philippine iron ore.

FISHERIES AND FORESTRY

Before 1930 and at a time when it was lawful to do so, the Japanese obtained a practical monopoly in offshore fishing in the Philippines. Subsequent to 1930 their fishing enterprises were fraudulently ex-

tended by the use of dummy corporations, in which Filipinos appeared as owning 60 percent or more of the capital stock. The same situation applied but with less force to logging and lumber operations. Before the statutory prohibition on foreign concessions came into effect the Mitsui Bussan Kaisha interests obtained in Davao one of the largest logging and lumber concessions granted by the Philippine government. It covered an area of 75,000 acres and was located at a strategic point on the Gulf of Davao.

OTHER INTERESTS

During the last few years the Japanese through dummy corporations established in the Philippines a fish cannery, a brewery, and several rubber-footwear factories. In several instances of alleged dummy corporations the apparent principal stockholders were distinguished Filipinos who had been previously in the service of the government or relatives of those holding responsible public office.

CULTURAL PENETRATION

It does not appear that the Japanese made any strong effort at cultural penetration either with the mass of the people or with the elite groups. Two exchange tours for students and very limited Pan-Asiatic propaganda were the only outward evidences of these efforts. The consensus of observers was to the effect that a great deal more might have been accomplished by the Japanese along these lines had it not been for the essential liberalism of American relations with the islands, the extreme difference in religious and philosophical feeling between the Japanese and the Filipinos, and the well-founded fear on the part of the Japanese government that pressure propaganda would react to a point where strong Filipino elements would oppose independence of the islands and advocate permanent international protection by the United States.

IX. GOVERNMENT FINANCE, CURRENCY AND BANKING

In the Fifth Annual Report of the High Commissioner it was noted that at the end of the fiscal year 1941, Government finances were in a generally sound condition; that revenue collections were well maintained, making possible a continuation of normal Government services; and that the turning over to the Commonwealth Government of collections from the United States excise tax on Philippine coconut oil had made possible continued large public works and Government loans to agriculture and industry. This condition continued up to the outbreak of the war. Revenues with which to meet ordinary expenditures were well maintained. The deepening crisis had little effect upon Government expenditures except for one item of ₱10,000,000 (voted in the fiscal year 1941) for the work of the Civilian Emergency Administration.

Other aspects of the financial situation noted in the Fifth Report of the High Commissioner likewise continued up to the outbreak of the war. It was pointed out that, during a period when it was intended

that the Philippines were to prepare for independence, they were becoming increasingly dependent financially upon the United States. The transfer of large sums of money from the United States Treasury to the Commonwealth Government was causing the latter to become adjusted to a scale of expenditures which it could not hope to maintain after independence. Large expenditures of these funds for public works³¹ undoubtedly were contributing to the maintenance of prices and production costs at levels well above those of nearby tropical areas.

It was also pointed out in the fifth report that there was a marked tendency in the year or so preceding the outbreak of the war for Government expenditures to exceed current revenues. Very little information concerning Commonwealth Government receipts and expenditures in the months immediately preceding the war is available in the United States. It may be presumed, however, that the appropriations for the fiscal year 1942, which were largely in excess of expected revenues, were being spent. A loan of ₱2,500,000 was floated in September (see "Public Debt," below). Shortly before Christmas, 1941, President Roosevelt allocated from his emergency appropriation \$10,000,000 which was turned over to the Commonwealth for use for defense purposes. It is not known whether these funds or any part of them were actually expended.

FINANCIAL STATEMENTS

In previous annual reports of the High Commissioner the greater part of the section of the report dealing with public finance and banking has consisted of statistics relating to the financial operations of the Commonwealth Government and comments thereon. As virtually no statistics of this nature, relating to the fiscal year 1942, are available in this country, such statistical tables and comments are necessarily omitted in the present report.

COCONUT-OIL TAX

Collections of the United States excise tax on Philippine coconut oil, which are turned over to the Commonwealth Treasury, have, in recent years, provided an important part of the total income of the Commonwealth Government, varying between seventeen and twenty million dollars annually. Since the tax became payable to the Philippines the coconut-oil tax collections have been credited monthly to a trust fund maintained by the United States Treasury. They are available for transfer quarterly to Philippine Treasury accounts. Collections prior to January 1939 were transferable to an account entitled "Treasurer of the Philippines, general fund account, time deposit," which drew interest at 2 percent per annum while subsequent collections are transferable to "Treasurer of the Philippines, general fund account, act, August 7, 1939," which draws interest at 1 percent per annum.

³¹ The inflationary effect of these expenditures was greatly accentuated by heavy military and naval disbursements in the Philippines by the Federal Government.

TABLE 8.—United States coconut oil excise tax revenues collected and credited to trust fund for transfer to the Philippine Government

| Collections | Credited to trust fund | Warrants drawn for tax-refund purposes | Credited to Treasurer, Philippines, accounts Nos. 35 and 38 |
|--------------------------|------------------------|--|---|
| 1934, August to December | \$6,990,067.37 | | |
| 1935 | 17,005,749.27 | | |
| 1936 | 17,206,386.13 | \$200,000 | |
| 1937 | 16,052,576.29 | 200,000 | \$47,753,613.65 |
| 1938 | 16,673,233.71 | 800,000 | 19,749,876.36 |
| 1939 | 17,468,379.22 | | 14,265,761.16 |
| 1940 | 17,605,619.40 | 400,000 | 22,159,829.75 |
| 1941 | 19,846,231.21 | 1,000,000 | 13,010,147.98 |
| 1942, January to June | 7,774,377.40 | | 15,437,266.98 |
| Total | 136,622,620.00 | 2,600,000 | 132,376,495.88 |

Table 8 shows collections from the coconut-oil tax, amounts withdrawn for tax refunds and the amounts transferred to other accounts of the Philippine treasury with the United States Treasury. As shown in the second column of the table, warrants have been drawn for tax refund purposes totaling \$2,600,000. These warrants are in the nature of advances to the Chief Disbursing Officer from which he makes refunds of coconut-oil tax collections as certified to him for payment by the Bureau of Internal Revenue. On June 30, 1942, the Chief Disbursing Officer had on hand, for making such refunds, \$351,744.66.

As the coconut-oil excise tax is not payable until the end of the month following the month in which the oil is processed or used, collections continued up to the end of the fiscal year 1942 with respect to coconut oil imported from the Philippines prior to the outbreak of the war. During the fiscal year 1942 collections, as reported by the United States Treasury, were as follows:

| | | | |
|-----------|----------------|----------|----------------|
| 1941: | | 1942: | |
| July | \$1,627,629.12 | January | \$1,538,172.97 |
| August | 2,004,397.99 | February | 1,385,496.45 |
| September | 1,826,922.73 | March | 1,333,437.59 |
| October | 2,234,005.32 | April | 913,274.93 |
| November | 1,616,058.54 | May | 732,849.19 |
| December | 1,871,146.27 | June | 322,488.15 |
| | | Total | 17,405,879.25 |

Expenditures of coconut-oil tax funds by the Commonwealth Government are restricted by provisions of the Philippine Economic Adjustment Act³² stipulating that they may be used only for the purpose of meeting new or additional expenditures which are necessary in adjusting Philippine economy to a position independent of trade preferences in the United States and in preparing the Philippines for the assumption of the responsibilities of an independent state. It was clear that, under the Independence Act, the Philippines, when they became independent in 1946, would be confronted with extreme economic dislocations and that Government revenues would be sharply reduced. Congress evidently intended that the coconut-oil tax funds should be used in such a manner as to alleviate so far as possible the economic difficulties of the new state upon acquiring independence.

³² Act of August 7, 1939; Public, No. 300, 76th Congress.

CURRENCY CIRCULATION

Very little information is available in the United States concerning currency circulation in the latter part of 1941. In the preceding fiscal year, as reported in the Fifth Annual Report of the High Commissioner, there was a steady increase in the amount of currency in circulation. It is believed that this trend continued up to the beginning of the war. On September 30, 1941, the most recent date for which such information is available, the currency in actual circulation amounted to ₱200,445,432, as compared with ₱183,145,861 on June 30, 1941, and ₱138,187,035 on September 30, 1940. As in the fiscal year 1941, the expansion of the currency circulation resulted from very heavy expenditures by the United States armed forces in the Philippines as well as continued large expenditures for public works and ordinary governmental purposes by the Commonwealth. Details concerning the currency circulation at the end of the first quarter of the fiscal year 1942 with comparative totals for June 30, 1941, and September 30, 1940, are shown in table 9.

TABLE 9.—*Circulation of currency in Philippines (pesos)*

| Types of currency | In Treasury vaults available for circulation | In actual circulation | Total theoretical net circulation |
|--|--|-----------------------|-----------------------------------|
| Silver pesos | 1, 247 | 4, 177, 110 | 4, 178, 357 |
| Half-silver pesos | 379, 108 | 4, 523, 720 | 4, 902, 828 |
| Subsidiary coins | 24, 585 | 11, 205, 370 | 11, 229, 955 |
| Minor coins | 110, 741 | 4, 066, 110 | 4, 176, 851 |
| Treasury certificates | 21, 446, 695 | 172, 814, 921 | 194, 261, 616 |
| Bank of Philippine Islands notes | | 1, 358, 385 | 1, 358, 385 |
| Philippine National Bank notes | | | |
| Philippine National Bank emergency notes | | 2, 299, 816 | 2, 299, 816 |
| Total Sept. 30, 1941 | 21, 962, 376 | 200, 445, 432 | 222, 407, 808 |
| Total June 30, 1941 | 15, 488, 618 | 183, 145, 861 | 198, 634, 479 |
| Total Sept. 30, 1940 | 40, 913, 962 | 138, 187, 035 | 179, 100, 997 |

BANKING

The information available in the United States with respect to banking conditions in the Philippines in the latter half of 1941 is also very inadequate. It is known, however, that the general condition of banks up to the outbreak of war was considered satisfactory. The consolidated statement of banks for October 4, 1941, the latest date for which it is available, shows cash on hand to have reached the highest level since the end of 1939. The total of loans, discounts, and overdrafts had been declining while deposits had changed little. More details concerning the condition of banks on October 4, 1941, compared with June 28, 1941, and October 5, 1941, are shown in table 10.

TABLE 10.—*Consolidated statement of banks Oct. 4, 1941, compared with June 28, 1941, and Oct. 5, 1940*¹

[Thousands of pesos]

| Item | Oct. 4, 1941 | June 28, 1941 | Oct. 5, 1940 |
|---|-----------------|---------------------|-----------------|
| Loans, discounts and overdrafts..... | 210,626 | 211,879 | 233,545 |
| Investments..... | 30,825 | 31,301 | 27,464 |
| Due from banks, agencies and branches in the Philippines..... | 24,900 | 12,431 | 14,230 |
| Due from foreign head offices of local branch banks..... | 32,452 | 37,689 | 36,729 |
| Due from banks outside the Philippines..... | 57,497 | 51,312 | 31,871 |
| Cash on hand..... | 18,659 | 15,997 | 16,022 |
| Other resources..... | | | |
| Total resources..... | 374,959 | 360,609 | 359,861 |
| Net circulation..... | 1,359 | 1,399 | 1,549 |
| Total deposits..... | 219,659 | 223,267 | 211,370 |
| Due to banks in the Philippines..... | 25,130 | 11,033 | 10,823 |
| Due to foreign head offices of local branch banks..... | 41,064 | 34,944 | 44,368 |
| Due to banks outside the Philippines..... | 9,718 | 10,544 | 9,540 |
| Capital, surplus, and reserves of domestic banks..... | 56,947 | 57,359 | 56,189 |
| Other liabilities..... | 21,082 | 22,063 | 26,022 |
| Total liabilities..... | 374,959 | 360,609 | 359,861 |
| Average weekly debits to individual accounts, 6 weeks ending..... | 48,402 | ² 46,382 | 39,322 |
| Total Government reserves..... | 249,698 | 224,566 | 202,527 |

¹ Excluding the Agricultural and Industrial Bank.² 4 weeks average.

Virtually no statistics and little other detailed information are available in this country concerning banking after the war started. One of the first results of the outbreak of war was a heavy demand by depositors to withdraw funds from banks and to transfer funds to the continental United States. Both of these movements, however, were restricted by action of the Commonwealth Government, which limited the amounts which might be withdrawn by depositors and subjected exchange transactions with the United States to licensing requirements.

With the exception of the two Japanese banks, it is believed that all Manila banks continued in operation until a short time before the city was occupied by the Japanese. As described elsewhere in this report, cash as well as securities were removed from the banks and taken to Corregidor shortly after Christmas.

PUBLIC DEBT

The public debt of the Philippines is small. On June 30, 1941, the net bonded indebtedness of the Commonwealth Government³³ amounted to ₱72,022,137 or less than ₱5 per capita. The distribution of the debt between national and local issues and the net indebtedness is shown in the following table:

³³ National and local government issues after deducting sinking funds and excluding bonds of instrumentalities of the government the principal and interest of which have been guaranteed by the Commonwealth.

TABLE 11.—*Philippine public debt and sinking funds as of June 30, 1941*

| Item: | <i>Amount</i> |
|--|----------------------|
| Bonds of National Government proper..... | ₱128, 450, 000 |
| Bonds of National Government secured by bonds of provincial, municipal, and other Government agencies..... | 17, 387, 000 |
| Bonds of provincial, municipal, and other Government entities securing National Government bonds..... | 17, 387, 000 |
| Bonds of provincial and municipal governments (direct issues)..... | 3, 670, 000 |
| Total | 166, 894, 000 |
| Deduct: | |
| Collateral bonds issued against provincial and municipal bonds..... | ₱17, 387, 000 |
| Sinking funds..... | 77, 484, 863 |
| | <hr/> |
| | 94, 871, 863 |
| Net bonded indebtedness | 72, 022, 137 |

While complete information is not available in the United States as to changes affecting the above figures during the latter part of 1941, it is believed that the net indebtedness did not change greatly. An issue of public improvement bonds due August 1, 1941, amounting to ₱20,000,000, matured and was redeemed but as the sinking fund was nearly sufficient to redeem the issue the effect upon the net indebtedness was small. The Commonwealth Assembly in the spring of 1941 authorized a bond issue of ₱20,000,000 to meet an expected deficit in the 1942 budget and on August 24 President Quezon authorized the sale of the first series of these bonds in the amount of ₱2,500,000. The series was dated September 1, bears interest at 4½ percent, and matures in 30 years.

Ever since the establishment of the Commonwealth, and for a number of years before, the public debt has been declining. Regular payments into sinking funds provided for each bond issue have exceeded substantially the small amount of new loans that have been issued in recent years. From a high point of ₱131,718,789 in 1928 the net bonded indebtedness declined steadily to ₱72,022,137 in 1941.

More than 80 percent of the Philippine bonds now outstanding in the hands of the public were issued in the United States prior to the enactment of the Philippine Independence Act in 1934. Less than ₱10,000,000 of Philippine bonds have been issued since the establishment of the Commonwealth and all of these were issued in Manila. In addition the Commonwealth Government has guaranteed the principal and interest of approximately the same amount issued by instrumentalities of the government.

The Commonwealth Government has also guaranteed the interest, but not the principal, of an issue of ₱2,246,000 of bonds issued by the Manila Railway Co. Southern Lines. Of these, however, ₱240,000 have been retired and it is believed that a considerable part of the remainder has been repurchased by the Manila Railway Co., thus leaving not much more than one-half of the original issue still outstanding in the hands of the public.

The Philippine Independence Act of 1934 differentiated between debts and liabilities of the Philippine Government and its political subdivisions covered by bonds issued under authority of acts of Congress and those debts and liabilities of the Philippine Government, its political subdivisions and instrumentalities not incurred under

such authority.³⁴ With regard to obligations in the first category, the Congress provided (a) that the independent government shall assume that portion of this indebtedness outstanding on July 4, 1946; (b) that the Philippine Government shall make adequate provision for payment of interest and principal thereon; (c) that such indebtedness shall constitute a first lien on the taxes collected in the Philippines; and (d) that these provisions shall be embodied in a treaty between the United States and the Philippines. With regard to obligations in the second category, the Congress merely provided that the independent government shall assume these obligations and that a provision to that effect shall be embodied in the aforementioned treaty.

Table 12 classifies all outstanding interest-bearing obligations issued by the Philippine Government and its subdivisions according to whether they were issued before or after May 1, 1934, and gives detailed information concerning each. This table is based upon the best information available, chiefly in the Division of Territories and Island Possessions, United States Department of the Interior, and is believed to be complete. Owing to interrupted communications, however, it is not possible to be absolutely certain that the Commonwealth Government did not take some action during the several weeks immediately preceding and immediately after the outbreak of war which modified in minor degree the figures shown.

TABLE 12.—Statement of interest-bearing obligations issued by the Philippine Government and its subdivisions

BEFORE MAY 1, 1934, AND OUTSTANDING DEC. 31, 1934

| | Date of maturity | Amount issued | Retired and canceled | Repurchased and held | Outstanding in hands of public |
|---|------------------|--------------------|----------------------|----------------------|--------------------------------|
| National bonds: | | | | | |
| Manila R. R. Co. purchase 4's | Dec. 1, 1946-26 | P8,000,000 | P3,510,000 | P694,000 | P3,796,000 |
| Financial interest prot. 5's | Feb. 1, 1952 | 10,000,000 | 3,478,000 | 3,664,000 | 2,858,000 |
| Sundry purposes 4½'s | July 1, 1952 | 23,600,000 | 9,722,000 | 6,080,000 | 7,798,000 |
| Currency 4½'s | July 15, 1952 | 46,000,000 | 20,886,000 | 7,500,000 | 17,614,000 |
| Cebu Port Works: | | | | | |
| First 4½'s | Mar. 1, 1958 | 1,500,000 | 332,000 | 1,046,000 | 122,000 |
| Second 4½'s | Sept. 15, 1959 | 1,500,000 | 142,000 | 852,000 | 506,000 |
| Third 4½'s | Mar. 15, 1960 | 1,000,000 | | | 1,000,000 |
| Iloilo Port Works: | | | | | |
| First 4½'s | April 1, 1958 | 1,500,000 | 326,000 | 708,000 | 466,000 |
| Second 4½'s | Oct. 15, 1959 | 1,000,000 | 50,000 | 42,000 | 908,000 |
| Third 4½'s | Apr. 15, 1960 | 1,850,000 | | | 1,850,000 |
| Metropolitan Water District: | | | | | |
| 5's | Apr. 1, 1955-35 | 6,000,000 | 1,354,000 | 3,086,000 | 1,560,000 |
| First 4½'s | Oct. 1, 1959 | 3,000,000 | 316,000 | 830,000 | 1,854,000 |
| Second 4½'s | Apr. 1, 1961 | 500,000 | | | 500,000 |
| Total | | 105,450,000 | 40,316,000 | 24,502,000 | 40,832,000 |
| National collateral bonds: | | | | | |
| City of Manila: | | | | | |
| 4½'s public improvements | Dec. 1, 1950 | 5,500,000 | 2,058,000 | 1,123,000 | 2,314,000 |
| 4½'s Lowlands | May 1, 1958 | 1,000,000 | 116,000 | 884,000 | |
| Province and 9 municipal Iloilo 4½'s improvements | Jan. 1, 1956-36 | 1,933,000 | 351,000 | 1,602,000 | |
| Province of Pangasinan 4½'s improvements | Mar. 1, 1956 | 857,000 | 156,000 | 701,000 | |
| Province of Oc. Negros 4½'s improvements | Apr. 1, 1956 | 800,000 | 80,000 | 720,000 | |
| Province and 3 municipal II Norte 4½'s improvements | June 1, 1956 | 548,000 | 84,000 | 464,000 | |
| Province of Marinduque 4½'s public improvements | May 1, 1956 | 111,000 | 4,000 | 106,000 | 1,000 |
| Province of Laguna 4½'s public improvements | May 1, 1957 | 196,000 | 12,000 | 12,000 | 172,000 |

³⁴ Sec. 2 (b) (3) and (5).

TABLE 12.—Statement of interest-bearing obligations issued by the Philippine Government and its subdivisions—Continued

BEFORE MAY 1, 1934, AND OUTSTANDING DEC. 31, 1941

| | Date of maturity | Amount issued | Retired and canceled | Repurchased and held | Outstanding in hands of public |
|--|-------------------|--------------------|----------------------|----------------------|--------------------------------|
| National collateral bonds—Con. | | | | | |
| Province and municipal Ilocos Sur 4½'s improvements. | July 1, 1957..... | P350,000 | P62,000 | P788,000 | P1,248,000 |
| Province of Bulacan 4½'s public improvements. | do..... | 474,000 | 124,000 | | |
| Province of Nueva Ecija 4½'s public improvements. | do..... | 690,000 | 266,000 | | |
| Province of Pampanga 4½'s public improvements. | do..... | 954,000 | 244,000 | | |
| Province of Tarlac 4½'s public improvements. | do..... | 342,000 | 88,000 | | |
| Province and 4 municipal Camarines Sur 4½'s. | Aug. 1, 1957-37 | 222,000 | 24,000 | 196,000 | 2,000 |
| Province of La Union 4½'s public improvements. | Jan. 1, 1958 | 220,000 | ----- | ----- | 220,000 |
| Province Occidental Negros 5's improvements. | July 1, 1963 | 1,277,700 | ----- | ----- | 1,277,700 |
| Total | | 15,494,700 | 3,669,000 | 6,591,000 | 5,234,700 |
| Bonds of direct issue: | | | | | |
| Municipal Sta Cruz, Laguna, 5's | Jan. 1, 1949-29 | 90,000 | ----- | ----- | 190,000 |
| Municipal Majayjay, Laguna 5's | do..... | 40,000 | ----- | ----- | 140,000 |
| Municipal Bangued, Abra, 5's | do..... | 40,000 | ----- | ----- | 140,000 |
| City of Manila 4½'s public improvements. | Apr. 1, 1959 | 1,000,000 | 64,000 | 782,000 | 154,000 |
| Total | | 1,170,000 | 64,000 | 782,000 | 324,000 |
| Grand total | | 122,114,700 | 43,849,000 | 31,875,000 | 46,390,700 |

AFTER MAY 1, 1934, AND OUTSTANDING DEC. 31, 1941

| | | | | | |
|---|------------------|--------------------|-------------------|-------------------|-------------------|
| National bonds: | | | | | |
| Metropolitan Water District: | | | | | |
| Third series 5's | Mar. 15, 1965-45 | 500,000 | ----- | ----- | 500,000 |
| Fourth series 5's | Nov. 1, 1965-45 | 500,000 | ----- | ----- | 500,000 |
| Fifth series 5's | Apr. 1, 1967-47 | 500,000 | ----- | ----- | 500,000 |
| Sixth series 5's | Apr. 1, 1968-48 | 500,000 | ----- | ----- | 500,000 |
| Seventh series 4's | Apr. 1, 1970-50 | 500,000 | ----- | ----- | 500,000 |
| (Act 528) first 4's | Aug. 1, 1970-50 | 500,000 | ----- | ----- | 500,000 |
| Public works first series 4½'s | Sept. 1, 1941 | 2,500,000 | ----- | ----- | 2,500,000 |
| Total | | 5,500,000 | ----- | ----- | 5,500,000 |
| National collateral bonds: | | | | | |
| Province of Occidental Negros, second 5's | May 16, 1966 | 222,300 | ----- | ----- | 222,300 |
| Province of Cebu 5's public improvements. | May 4, 1966 | 500,000 | ----- | ----- | 500,000 |
| City of Iloilo public improvements 5's. | May 16, 1966 | 350,000 | ----- | ----- | 350,000 |
| City of Bacolod S and WWKS 5's. | Dec. 1, 1969 | 120,000 | ----- | ----- | 120,000 |
| City of Cebu S and WWKS 4½'s. | May 1, 1970 | 350,000 | ----- | ----- | 350,000 |
| City of Davao S and WWKS 4½'s. | Sept. 1, 1970 | 350,000 | ----- | ----- | 350,000 |
| Total | | 1,892,300 | ----- | ----- | 1,892,300 |
| Bonds of direct issue: | | | | | |
| City of Manila: | | | | | |
| Second series 5's | Dec. 16, 1965 | 500,000 | ----- | ----- | 500,000 |
| Third series 4½'s | Dec. 1, 1970 | 1,000,000 | ----- | ----- | 1,000,000 |
| Fourth series 4½'s | Mar. 1, 1971 | 500,000 | ----- | ----- | 500,000 |
| Fifth series 4½'s | June 1, 1971 | 500,000 | ----- | ----- | 500,000 |
| Total | | 2,500,000 | ----- | ----- | 2,500,000 |
| Grand total | | 9,892,300 | ----- | ----- | 9,892,300 |
| Totals before May 1, 1934 | | 122,114,700 | 43,849,000 | 31,875,000 | 46,390,700 |
| Totals after May 1, 1934 | | 9,892,300 | ----- | ----- | 9,892,300 |
| Grand total, Dec. 31, 1941 | | 132,007,000 | 43,849,000 | 31,875,000 | 56,283,000 |

¹ Bonds issued at Manila in peso denominations, interest and principal payable at Philippine Treasury.

NOTE.—All bonds issued after May 1, 1934, were issued and sold in Manila; interest and principal payable at Philippine Treasury.

It has appeared inevitable that the government of an independent Philippines, cut off from coconut oil tax receipts and with other revenues reduced as a result of economic difficulties caused by less advantageous trade relations with the United States, will be faced with great difficulties. In order to permit the new government to begin its existence in a strong financial position, unencumbered with burdensome debt, Congress provided in the Philippine Independence Act of 1934, as amended by the Philippine Economic Adjustment Act of 1939, that the proceeds of the export taxes required by the act should be reserved for debt liquidation. It was estimated³⁵ that under normal conditions the proceeds of these taxes, together with sinking fund payments and other receipts provided by law, would be considerably in excess of the total debt issued prior to May 1, 1934.

In accordance with the provisions of the Philippine Independence Act, as amended, taxes on the export of certain articles to the United States were levied beginning January 1, 1941, and a total of ₱3,172,271.84 representing collections during the first 9 months of that year were deposited in the Treasury of the United States in a special account for redemption of Philippine bonds. On December 22, 1941, the Congress of the United States made provision³⁶ for suspending the export taxes during the ensuing year. As the law now stands, the export taxes are to be reinstated beginning January 1, 1943. Inasmuch as these taxes were to increase progressively each year that they were in effect up to the date of independence, the result of reducing the number of years in which they are in effect is to reduce more than proportionally the proceeds available for debt redemption.

At the present time the Commonwealth Government has ample funds in the United States to meet interest requirements of its bonds here and it was announced in January 1942, on behalf of the Commonwealth, that the interest payments on outstanding bonds of the Philippine Government would continue to be met and serviced through the facilities of the United States Treasury Department. No payment of principal is due until December 1946.

FUNDS AVAILABLE TO THE COMMONWEALTH GOVERNMENT UPON REOCCUPATION OF THE PHILIPPINES

The Commonwealth Treasury has a relatively large amount of funds in the United States. Table 13 shows the funds known to be held by the Commonwealth in the United States on June 30, 1942 classified according to the purposes for which they are available.

Funds available for general governmental purposes.—As shown by this table, there were on June 30, 1942, on deposit in the United States Treasury and in United States banks, available for general governmental expenses, \$38,801,504.52 and it was estimated that an additional \$12,000,000, approximately, were due the Philippine Treasury from unsettled accounts with the United States Treasury. These sums total more than \$50,000,000, which is roughly the amount of the ordinary annual budget of the Philippines. This amount is being augmented by interest amounting to approximately \$3,000,000 per annum received from Philippine deposits with the United States Treasury. Receipts on account of interest are offset only in part by the interest payable on the Philippine public debt amounting to a

³⁵ Report of the Joint Preparatory Committee on Philippine Affairs, May 20, 1938, Appendix VIII.

³⁶ Sec. 1, act of December 22, 1941, c. 617, 55 Stat. 852. For the text of this section see "Amendments to Tydings-McDuffie Act" (p. 71) in this report.

little less than \$2,000,000, and by miscellaneous expenses in the United States of the Commonwealth. It may be assumed, moreover, that when the Islands are reoccupied the civil government functioning at that time will have some currency in its treasury and will continue to receive currency in the form of taxes.

TABLE 13.—*Commonwealth funds in the United States on June 30, 1942, by purposes for which available*

| | <i>Amount in United States dollars</i> |
|---|--|
| General governmental expenses: | |
| General fund: | |
| Balance in U. S. Treasury (demand deposit)----- | 9,906,311.97 |
| Balance in United States banks----- | 1,617,106.83 |
| Estimated amount due the Philippine Treasury from unsettled accounts with U. S. Treasury----- | 12,000,000.00 |
| Coconut oil tax funds collected prior to Jan. 1, 1939, balance in U. S. Treasury (time deposit)----- | 27,278,085.72 |
| Total----- | 50,801,504.52 |
| Economic adjustment: | |
| Coconut oil tax funds collected on and after Jan. 1, 1939: | |
| Time deposit in U. S. Treasury----- | 29,099,429.26 |
| Collected but not yet transferred to Commonwealth-- | 1,686,124.12 |
| Total----- | 30,785,553.38 |
| Sundry sinking funds ¹ ----- | 15,553.89 |
| Currency: | |
| Treasury certificate fund: | |
| Time deposit in U. S. Treasury----- | 41,650,000.00 |
| Demand deposit in U. S. Treasury----- | 66,238,803.50 |
| Exchange standard fund: | |
| Time deposit in U. S. Treasury----- | 13,350,000.00 |
| Demand deposit in U. S. Treasury----- | 12,575,099.09 |
| Balance in United States bank (Chase National Bank)-- | 355,831.41 |
| Gold----- | 1,360,621.08 |
| Total----- | 135,530,355.08 |
| Public relief: Sugar excise tax (estimate)----- | 30,000,000.00 |

¹ Unexpended balance in an account of the Treasurer of the Philippines in the Chase National Bank used in the purchase of bonds for various Philippine sinking funds.

The \$12,000,000 mentioned in the preceding paragraph results from transactions of the Commonwealth Treasury in Manila for the account of the United States Treasury. To a large extent the amount due to the Commonwealth Treasury can be computed from records brought to this country of United States Treasury checks paid by the Commonwealth Treasury during the early weeks of the war with Japan and shortly before but not delivered to the United States.³⁷ Unfortunately however, these records are not complete and it has not been possible for the United States Treasury to arrive at an exact figure for the amount due to the Philippine Treasury on this account.

The largest item in the amount indicated above as being available for general purposes is one of \$27,278,085.72 representing collections prior to January 1, 1939, of United States excise taxes as applied to Philippine coconut oil. The law provides³⁸ that if at any time the Philippine Government provides by any law for any subsidy to be

³⁷ See "Program for safekeeping of currency, gold, securities, and other valuables", p. 50, in this report.

³⁸ Act of May 10, 1934, c. 277, sec. 602½, 48 Stat. 680, 763; act of June 22, 1936, c. 690, sec. 702, 49 Stat. 1742; act of May 28, 1938, c. 239, sec. 703, 52 Stat. 570.

paid to the producers of copra, coconut oil, or allied products, no further payments of these funds to the Philippine Treasury shall be made.

Funds available for economic adjustment.—In addition to the funds available for general purposes, the Commonwealth had, on June 30, 1942, a time deposit with the United States Treasury of \$29,099,429.26 accruing from coconut oil tax collections on and after January 1, 1939. This amount, together with \$1,686,124.12 collections which had not at the time been transferred on the books of the United States Treasury to the Commonwealth account, is available only for the purposes specified in the Philippine Economic Adjustment Act of August 7, 1939.³⁹ Inasmuch as the tax from which these funds are derived is payable at the end of the month following the month in which the coconut oil is used or processed, tax collections were still being made at the end of the period under review with respect to oil which had been shipped from the Philippines before the war with Japan began. On the basis of reported stocks of coconut oil and copra on hand June 30, 1942, upon which the excise tax has not been paid, it is estimated that collections subsequent to that date on Philippine coconut oil and copra may yield in the neighborhood of \$4,000,000. The funds available for economic adjustment after the Philippines are reoccupied, therefore, will amount to nearly \$35,000,000 and, under the present law, will be augmented thereafter by any collections of the excise tax on coconut oil and copra newly imported from the Philippines.

Currency reserves in the United States.—When the Philippines are reoccupied it will almost certainly be necessary to adopt a new currency system. The Commonwealth Government will be fortunate in having at its disposal for this purpose ample reserves now held in the United States. There were on deposit on June 30, 1942, in the United States Treasury \$133,813,902.59, representing reserves of the Philippine currency. In addition, there was a small amount (\$355,-831.41) of currency reserves on deposit with a private bank in the United States and the United States Treasury is holding for the Commonwealth gold bullion valued at \$1,360,621.08.⁴⁰ The total of these items is well in excess of the largest circulation of currency that there ever was in the Philippines. As has been noted earlier in this report, the greatest circulation of which we have record was ₱200,445,432, equivalent to \$100,222,716, on September 30, 1941.

The Commonwealth Government also has in storage in the United States a large number of silver 1 peso coins which were brought to the United States by submarine after the war started (see p. 57 above). After reoccupation of the Philippines it will be possible either to reissue these coins or to melt and remint them.

In addition to the currency reserves, detailed above, the Philippine National Bank has on deposit with the National City Bank of New York \$1,250,000 reserves against its bank notes as required by act 3174.

Funds available for public relief.—In addition to the various funds mentioned above, the Commonwealth Government will have at its disposal a large sum which is earmarked for public relief and civilian defense. On December 23, 1941, House Joint Resolution 258 ap-

³⁹ See section on Coconut Oil Tax, p. 110 of this report.

⁴⁰ This gold was brought to the United States by submarine after the war with Japan started as described in the section of this report entitled "Program for safekeeping of currency, gold, securities, and other valuables." Its value has been computed at \$35 an ounce. See pp. 56-57 of this report.

propriated specifically for public relief and civilian defense in the Philippine Islands an amount equal to collections prior to the date of enactment of the resolution of United States excise taxes on sugar imported from the Philippines.⁴¹ Owing to the fact that costs of collection of the sugar excise tax, the amount of which has not been computed, must be deducted from gross collections, the precise amount that will be available for public relief is not known. It is estimated, however, that the total will approximate \$30,000,000. This appropriation continues to be available until expended.

Up to June 30, 1942, \$35,000,000 sugar excise tax funds had been transferred to the United States War Department and, under the provisions of the resolution, became available for payment to the Government of the Commonwealth of the Philippines as authorized by the commanding general, United States Army Forces in the Far East. Owing to the war, the accounting of these funds has not, up to the date of this report, been completed. It is reported, however, that \$5,000,000 was made available from these funds to the Commonwealth officials in unoccupied territory of the Philippines and is reflected in a credit of that amount on March 11, 1942, to the general fund, demand deposit account of the Treasurer of the Philippines with the United States Treasury.

It is possible that certain other funds which have been classified above as being available for general purposes will prove to be earmarked for public relief and civilian defense. Shortly after the war broke out an allotment of \$10,000,000 was made from the emergency fund of the President of the United States to the Secretary of War to be expended in his discretion "for each and every purpose connected with the rendering of assistance to the Government of the Commonwealth of the Philippines for public relief and civilian defense in the Philippine Islands."⁴² This allotment was conveyed in the form of a check dated December 18, 1941, drawn by Col. J. R. Vance, United States Army disbursing officer in Manila, on the Treasurer of the United States and is included in the \$12,000,000 mentioned previously as the estimated amount due the Philippine Treasury from unsettled accounts with the United States Treasury.

As a result of war conditions no Commonwealth accounts showing expenditures from this fund are available. Inasmuch, however, as the allotment of \$10,000,000 became available for public relief and civilian defense only 2 weeks before Manila was occupied by the Japanese, it is probable that not all of it was expended. If records ultimately become available indicating that such is the case, the unexpended portion would appear to be subject to the restrictions originally placed upon its use. The same principle would seem to hold true with respect to the \$5,000,000 paid to Commonwealth officials in the Philippines from the funds derived from sugar excise tax collections if it turns out that all of it was not used for the purposes for which it was appropriated.

Respectfully submitted,

FRANCIS B. SAYRE,

United States High Commissioner to the Philippine Islands.

⁴¹ For the text of this resolution see "Federal Legislation Affecting the Philippines" in pt. IV, p. 73, of this report.

⁴² Letter of December 15, 1941, from the President to the Secretary of the Treasury.

APPENDICES

APPENDIX A

ADDRESS OF UNITED STATES HIGH COMMISSIONER FRANCIS B. SAYRE,
AT THE MANILA HOTEL, JULY 4, 1941

We are met together on our frontier to celebrate the birth of American independence. In these stirring and critical days July 4 assumes to us, whether Americans or Filipinos, a meaning and a significance more poignant than ever before. In a world torn with battle and murder and sudden death America stands out like an island of blessedness. The darkness of inhumanity and cruelty and ruthless oppression, closing in around us, has not reached our shores; our country still remains the land in sunlight where right weighs more than might, where homes and lives and liberties are still secure. Never before has America meant quite so much to us; never before have we been so profoundly grateful to be Americans.

Our thoughts turn back this morning to that day 165 years ago when a little group of determined men signed a daring declaration. How revolutionary it was it is hard today to realize. Up to that time everybody agreed that men and women were but subjects of their sovereign who ruled by divine right; subjects could have no legal rights against their king. The king could do no wrong; and if he chose to exercise a tyrannous rule or to exploit his colonies at the expense of his people, there was no recourse, in law or in fact.

Men had dreamed of something different. They had dreamed of fundamental human rights—the right to be free and secure in their persons and property, even against the sovereign himself, the right to follow the dictates of their own consciences, the right to choose their own national destinies and to govern themselves through their freely chosen representatives. Philosophers had built airy castles of such notions; no one had ever dared to try to translate such dreams into the world of actual political reality.

But in far-away America there were some 3,000,000 frontiersmen living on the edge of the forest, hardy, self-reliant, come to the New World to escape the cramped tyrannies of the old. Year after year these colonials had watched their trade curbed and restricted and exploited in the interest of others in another land; year after year they found it necessary to submit to a government and a control dictated not by their own interests but by those of a people on the other side of the ocean.

And then the miracle happened.

On fire with a sense of deep injustice, stirred to their souls by a profound faith in their cause, they cut themselves loose from their mother country and signed a declaration of political independence. But it was more than that. It was an audacious declaration of faith in the fundamental rights of human beings and the determination to set up a new world in which these should be paramount. Listen to their bold words: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty, and the

pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

Their cause was nothing less than the recognition and the defense of the rights of humanity. And for this great cause they offered to give their lives.

The stirring years that followed proved that theirs were not mere idle words. Their burning faith set others on fire; they fought and bled and many died, and from their sacrifice was born a nation built upon an entirely new ideal—a nation of the people and by the people and for the people, dedicated to a defense of the fundamental rights of humanity. It was an ideal, high and shining as the stars; could it be brought to earth and realized in the sweat and toil of practical daily life?

So daring was the conception, so stirring the human appeal that other peoples sought to follow in the pathway thus blazed by America. "Liberty, equality, fraternity," became the watchword of France in 1789; and the new faith blazed throughout Europe in 1830 and in 1848.

During the nineteenth century in America itself the great experiment was carried forward, and the American faith, tested and tried in the crucible of experience, was given new content and meaning. America became the battleground between the forces of selfish privilege and those fighting for humanity; and the fortunes of battle were not always with humanity. Through the course of the century the American Nation grew in wealth, in power, in importance; and although wealth and power brought with them their inevitable accompaniments of self-seeking and illiberalism nevertheless the rank and file of Americans never lost their conquering faith in human liberty.

With the twentieth century came profound change. Before then a nation could in the main work out its own destiny, affecting others only in slight degree and as slightly affected by others. Splendid isolation as a national policy was entirely practicable.

But that day has now completely passed. The First World War ended an era; the days of national isolation and provincialism are over. The increase of a nation's tariff today may tomorrow throw a million men out of employment on the other side of the world. The invention of a new synthetic process or substitute material may shift the trade of an empire. No modern industrial nation can maintain its standard of living independent of the raw materials and markets of a dozen other countries. Our modern radios and aeroplanes and swift ocean transportation have so closely knit together the peoples of the world that the concern of one nation is the concern of every nation. There can no longer be any such thing as complete national isolation.

We can shut our eyes and our ears, if we like, to what is taking place in other countries; we cannot through any remote possibility escape the effects. No nation can flaunt orderly processes of international law or block the movement toward organized international cooperation without doing vital injury to the peoples of every other nation. Japan's march into Manchuria, Italy's expedition into Ethiopia, Germany's advance into Czechoslovakia, were of the most vital concern, not only to those nations, but to all of Europe and to America as well. Not only the political activities and the economic policies, but even the philosophical ideals and objectives of each people have become the vital concern of every other.

So utterly interdependent, so vitally knit together, are the people of the world today that the crisis facing America on July 4, 1941, is far more critical than that which faced America on July 4, 1776. Then the issue was liberty and democracy for a handful of people in a single colonial area in a far corner of the world. Today the issue is liberty and democracy for all humanity.

It is not only America's rights which are now at stake. It is humanity's rights. It is not only freedom for America which is at issue. It is freedom for all humanity.

The peril confronting us is profound and world-wide. The most powerful armed force that the world has ever known is ravaging Europe to spread abroad a philosophy in direct and violent conflict with the very fundamentals of the American faith. The Nazi philosophy being carried throughout Europe by fire and sword is the very antithesis of the American faith of 1776.

The American faith is built on human freedom. The Nazi faith denies the existence of fundamental human rights and forbids private initiative. The American faith is built on democracy and human brotherhood. The Nazi puts his faith in dictatorship and in the essential inferiority of all races other than his own. The American faith is built on a rule of law and justice—right above might. The Nazi worships unbridled physical force as the supreme power of the universe and believes that right has no meaning or place in the world apart from might. The American faith is founded essentially upon Christian ethics—tolerance, self-sacrifice, human brotherhood. These the Nazi faith is out to destroy as qualities which tend to weaken the race.

The Nazi philosophy obviously has been built up to justify the rule of naked force. It glorifies brute force as the means of achieving supremacy by the strong. To the Nazi such ideals as human liberty and democracy are outlived shibboleths—"the cackle of geese." His code was the code of Attila, the Hun, and Genghis Khan; it is the code of every gunman and cutthroat who lusts for power at the expense of humanity. What the Nazis desire is a free road to power, uncurbed by the restraints of civilization.

Human progress has been built upon religious and legal and cultural restraints. No one can lead a free or secure or deeply happy life unless the predatory and lustful tendencies of others are held in effective check by restraints of one kind or another. For a million years or more through suffering and tragedy man has been toilfully learning this hard lesson. He has learned that somehow sheer physical strength is not all and that the richer and transcendent values of life begin when right replaces might. The measure of civilization's advance is the extent and the effectiveness of its social restraints. Because we have still a long, long way to go we must not blind our eyes to the fact that we have come far. Between civilized man today and the brute from which he rose lies an immeasurable gulf. Such progress as we have achieved is worth dying to defend.

Humanity cannot go forward, civilization cannot advance, except as the philosophy of force is replaced by that of human brotherhood. These two never can be reconciled, for they are postulated on altogether different and profoundly conflicting appraisals of human values. Wherever the philosophy of force establishes domination civilization as we know it ends.

What, then, is the situation which confronts America on this July day? The faith which fired the writing of the bold Declaration in 1776—the cause of human liberty and the fundamental rights of man upon which America was builded—has become not the faith of a single people but the watchword of advancing civilization—the hope of humanity. With the shrinking of the world due to the growing solidarity and interdependence of the peoples of the earth, the world today is no longer large enough to hold both the Nazi and the American faith. One or the other must go under. Where brute force and ruthless dictatorship are supreme there can be no such thing as individual freedom and Christian ethics; and where individual freedom and Christian ethics rule there can be no such thing as nazi-ism. Each is a denial of the other and there can be no peace until one or the other proves triumphant.

Today marks the anniversary of our Nation's birth. It is a solemn hour. Our country, and the faith upon which it was builded, are confronted by a peril far graver than any in 1776. In 1776 no forces were abroad comparable in smashing power to those of 1941. In 1776 no forces were abroad comparable in inhumanity, in ruthless barbarity, in human depravity to the foe of humanity of 1941. If nazi-ism triumphs in the world it is the end of what America has struggled for for a century and three-quarters. If in 1776 the cause of freedom was worth fighting and dying for now that the cause has become world-wide it is infinitely more worth fighting and dying for.

Nazi-ism has already overrun the greater part of Europe. If it is not downed it will overrun every continent, including America, leaving only wreckage in its wake. The great American experiment for liberty and democracy will be ended. Can true Americans sit idly by with folded hands at a time like this?

Surely the answer is clear. Today England has her back to the wall fighting against crushing odds for the cause that we have lived for—the fundamental rights of human beings to be free, the democratic faith, the integrity of the Christian verities. Without America's help England must face disaster. If England falls, it is Europe, and perhaps Asia, too, against America alone.

America cannot hesitate. All of our power, all of our resources, we must offer to those who are fighting our fight. God grant that this does not mean war for America. But if it does, God help us, we could not do otherwise.

Today we Americans and Filipinos meet together on the shores of Asia to pledge afresh our loyalty and our devotion to our country. Never before have we been so proud to be Americans. We are proud of what America has meant to humanity in the past. We are prepared to make the supreme sacrifices necessary for her to continue her great tradition. To America in the service of humanity we are ready to give all that we have and all that we are.

APPENDIX B

ADDRESS OF UNITED STATES HIGH COMMISSIONER FRANCIS B. SAYRE,
AT LOS BAÑOS, OCT. 10, 1941, ON CELEBRATION OF LOYALTY DAY
BY THE UNIVERSITY OF THE PHILIPPINES COLLEGE OF AGRICULTURE

[As copied from the Manila Tribune, October 11, 1941]

I deeply appreciate the honor of being invited as your guest today to share in this Loyalty Day celebration. Having served for 15 years on the faculty of Harvard, one of the great universities of America, I come to you as a university man. Harvard has been outstanding in America as the champion of academic freedom—freedom of speech and freedom of opinion; and I believe that no university can become really great except upon that foundation. To her sister university in the Philippines, characterized by that same tolerance and liberality of opinion, Harvard today sends greetings.

As a university man I confess that I always feel at home among university students. Among them I find the world over a generosity of outlook, a sense of fellowship, a fresh enthusiasm and wholesomeness of attitude that leaps all barriers of race or creed or political frontier. I wish there were more of that spirit abroad in the world today.

You have the good fortune to constitute a group which in certain respects is one of the most important in the Philippine Commonwealth. To reach the heart of a nation, one must go to its centers of education, for in these are formulated and imparted to its future citizens a nation's ideals and in them is slowly forged the national character. In its institutions of learning the future history of a nation is largely fashioned. Particularly is this true in an institution as national in its scope and as widespread in its contacts as the University of the Philippines.

Nor need I emphasize the peculiar importance in the Philippines of that part of the university devoted to agriculture. The Commonwealth of the Philippines must for many years to come rest upon a foundation of agriculture. Forty-one percent of its gainfully employed people were, according to the 1939 census, engaged directly in agriculture. In addition a very large fraction of the balance were engaged in processing and transporting agricultural products. Sixty-two percent of the value of 1939 exports were classed as agricultural. The Philippine Commonwealth cannot maintain present standards of living for its people except through a high state of agricultural development and improvement. The fundamental problem which the Filipino people will constantly have to face is how to sell their agricultural products in world markets in competition with neighboring countries having lower standards of living. To maintain present standards of living the unit cost of agricultural production in the Philippines must be lowered through the use of more scientific and efficient methods. Also Philippine dependence upon world

markets and upon foreign sources of supply must be lessened through agricultural diversification and the increase of subsistence crops. The maintenance of independence by the Filipino people and their future welfare vitally depend upon progress along this pathway. You are the group to whom the nation must look for leadership in the solution of these vital problems. To an important degree the future independence and welfare of the Filipino people lie in your keeping.

I rejoice that I can be with you today in this outpouring of loyalty. Loyalty has become one of the traditions of Los Baños and it is a very great heritage. I am thinking of loyalty in three important aspects; loyalty to the college, loyalty to the nation, loyalty to the cause of humanity.

Your most immediate loyalty is to your college. Los Baños has become one of the outstanding departments of the University—and one of the notable educational institutions of the country—because under the devoted leadership of Dean Copeland and Dean Baker and Dean Gonzalez and now Dean Uichanco, you have been trained to seek and follow truth and reality above everything else in the world. Those men never permitted Los Baños to be looked upon as the avenue to an easy job or a comfortable living. They did not care what was a student's color or creed or circumstances in life; what they insisted upon was an undivided loyalty to the search for truth, lead where it may.

It is this utter consecration to the quest for truth which has always been the badge of the really great university, as it is of human progress. Such was the spirit which marked the revival of learning in the twelfth century in the Italian universities, and which down through the centuries nurtured the scholars of Oxford, Salamanca, the Sorbonne, and Harvard. The great advances in human progress have come when consecrated Galileos, following the gleams of truth, have dared to risk their lives by opposing universally accepted beliefs and making such shocking affirmations as that the earth actually revolves around the sun. Truth such as that is not discovered in a night; it becomes gradually apparent only after years of devoted and sacrificial study and experimentation and pioneering over untrod paths.

In the early days of Los Baños when textbooks and facts concerning tropical agriculture were largely lacking, the search for truth required tireless and unending experimentation and research and independent judgment; and thus, under strong men like Dean Baker, was built up the fine Los Baños tradition of independence of thought, of scientific research and of freedom from every deflecting or hindering prejudice in the tireless quest for truth. There can be no tradition more deserving of loyalty than that. As long as you and the students who follow you remain loyal to that great tradition I have no fear for the future of Los Baños. Believe me, the success of an educational institution depends not on its wealth or power or prestige. It depends upon the independence and the fearlessness and the consecration of its teachers and of its students. Have you the independence and the faith and the courage, like Columbus, to venture out into unknown seas?

On this day I know you are thinking also of larger loyalties—of your loyalty to the United States and to the Philippine Commonwealth. President Quezon has more than once declared that American

ideals are Philippine ideals and has pledged the unstinted loyalty of the Filipino people to the United States. If the future independence of the Filipino people is to be assured, the most critical period of Philippine history lies in the years immediately ahead. Your country will need the very best her children can give,—the devoted loyal service of carefully trained men free from the curse of personal or political ambition and ready, like José Rizal, to lead sacrificial lives in the service of their people.

Yet in your loyalty to American ideals do not lose your own distinctive traits and character. With the rapid unification of the world that has come with present-day radios and airplanes and other modern inventions, there is deadly danger that all the world become standardized and regimented into uniform patterns and designs. All the world today is coloring its thoughts by looking at the same movies, reading the same syndicated press reports, and listening to the same swing music.

There is not a nation or a people in existence that has not something unique and great to contribute to mankind, and the value of what it may give in no way depends upon its geographical area or wealth or natural resources. The Filipino people have much to contribute; but to achieve to the limit of your abilities you must remain distinctive and yourselves. Be loyal to your own traditions and your own culture; avoid slavish imitation of the affluent. Once the East, under the pressure of modern life, becomes thoroughly westernized, mankind will lose thereby a very precious and irreplaceable heritage.

Finally, there is a loyalty higher than to college and to nation—our loyalty to humanity. At a time like this, as never before in the history of the world, national barriers are being forgotten in the cataclysmic conflict between ideologies that go to the bottom of men's souls. During long centuries, by dint of infinite toil and heroism and self-sacrifice, we have been slowly building up a civilization based on human brotherhood in place of wolfish fighting, on truth and reason and justice in place of clubs and guns, on right in place of might. Ours has not been an entirely Christian civilization; we have fallen far, far short of Christian ideals. But at least we have tolerated the Christian faith and have slowly but surely responded to the demands of the Christian ethic. Christianity has been the compass which controlled the direction of our progress.

Now, with the rise of Hitlerism and the "new order," the whole underlying faith on which our civilization has been built is challenged and denied. Force, under the teachings of Hitlerism, is to rule the world; the strong are to be lords of the earth. In place of the Christian virtues of self-sacrifice, tolerance, kindness, brotherhood, are to be enthroned unbridled, self-seeking, ruthless cruelty, utter unconcern for human woe and misery.

Today, as never before, our loyalties soar high above nationalism or nationalistic boundaries. Those like ourselves, who fundamentally believe in the Christian ethic, cannot sit idly by. The vital issue which we now face is whether the future world shall be based on brute force or on Christian brotherhood. The time is one which calls for loyalty in action. Your generation is even more vitally concerned in this than mine; for yours is the one which will have to pay the greater part of the price.

Surely it is high time for those loyal to the Christian ethic to set about building for the new world. The mere smashing of Germany will not be enough. It was our failure to realize the Christian ethic in our political, our economic, and our social world that made possible and even produced Hitlerism. Unless we build a better world than the one preceding the War we will sooner or later have to face other Hitlers and other Germanys.

In this great task our loyalties will be taxed to the uttermost. Nothing less than the service of humanity will be our goal. And the glory that will sustain us will be the sure knowledge that as between those who serve self and those who genuinely serve humanity there can be no question as to who will ultimately triumph.

APPENDIX C

ADDRESS BY UNITED STATES HIGH COMMISSIONER FRANCIS B. SAYRE
AT THE ANNIVERSARY DINNER IN HIS HONOR AT THE MANILA
HOTEL, OCTOBER 21, 1941

[As copied from the Manila Tribune]

This occasion, these overgenerous and flattering remarks of my friends, Colonel Gilhouser and Mr.—shall we say Senator—Roxas and Mrs. Wyatt-Smith and Mr. Selph, have touched me too deeply to make any adequate kind of reply. But I do want to say quite simply how genuinely and sincerely Mrs. Sayre and I appreciate this outpouring of generosity tonight. We shall always be grateful for this anniversary evening, surrounded by friends whom we have come during 2 busy years to prize and to depend upon. It is an occasion which we shall never forget so long as we live.

First of all, I want to express something tonight of what it has been in my heart to say many times before—how grateful I feel for the unflinching help and cooperation and loyalty given to me and to the High Commissioner's office by every group in the Philippines—Americans and Filipinos and those of every other nationality. Again and again I have had to turn to one or another and ask for understanding or support. I have never asked in vain. I need not explain to you how complicated and difficult some of our problems are: suffice it to say that whether I have approached President Quezon or other Filipino leaders, whether I have gone to the representatives of our Army or Navy, whether I have asked assistance from consular representatives or the leaders of some foreign community or whether I have sought the backing or the help of American business or other groups, always the answer has been the same: 100 percent cooperation and help. The officials of the Commonwealth Government have given every assistance in the defense measure which the United States has applied in the Philippines and President Quezon has repeatedly offered the entire manpower of the Islands and the full measure of their resources for the tasks at hand. Without such unflinching cooperation and help our work would have been almost impossible.

Especially has this been true, as I mentioned at the Rotary luncheon last week, during the last few months when gathering war clouds have made it necessary to impose upon civilians many unaccustomed burdens and restrictions which have worked real hardship and in some cases injury. Always we have wanted to minimize so far as possible the resulting economic dislocation. But war is a grim business at best: and economic warfare, like every other kind of warfare, inescapably inflicts loss and injury. Almost to a man the business and other groups who have been called to bear these burdens,—which I fear will increase rather than decrease—have responded with a ready cooperation and personal unselfishness that has proved the genuineness of their patriotism.

In the second place, I want to make clear that I realize full well that the honor you do me tonight is extended not only to me personally but also to the office of the United States High Commissioner. Here in the Philippines we stand at guard on the American frontier: and the whole future of the civilized world today hangs upon the strength and unity of groups like ourselves, devoted to a common cause. It is not a question of race or blood; it is a question of defending a way of life, based on faith in individual liberty and democracy, which is the only faith upon which an enduring civilization can be built. Here are gathered staunch defenders of that faith; and at such a crucial time, with the world in flames around us, it is good to come together to renew our faith and to pledge fresh loyalty to the ideals in which we most deeply believe.

It is a solemn hour. We know not when the call may come to redeem this pledge—with our lives and all that is precious to us. We stand ready. No wonder we feel strongly drawn together and one on a night like this.

The time is historic. And so is the place—this frontier post in the Philippines. I wonder if in all history there has ever been anything quite like the story of Philippine-American relationships. A Nation conceived in liberty and dedicated to human freedom and democracy, grown powerful and great through a century and a quarter, through a strange juxtaposition of circumstances in 1898, acquires sovereignty over some seven and a half million people on the other side of the world struggling for freedom and seeking the same objective which had become American traditions. America must promise them the freedom they demand or compromise her fundamental faith. So she promises freedom. Then for over 40 years she assists the Islands with much of the best she has to give—men, ideas, sacrificial effort, money, material resources. The two peoples, aided by the talents of those from other countries, buckle down to work, shoulder to shoulder together. They set up schools and the standard of literacy is raised from 20.2 percent in 1903 to 48.8 percent in 1939; they teach a uniform language by which Filipinos of different localities and different race can reach common understanding and achieve the unity of a nation. Americans inspire the building of systems of roadways linking together distant parts of the Islands; they teach sanitation and inaugurate campaigns against disease so that the dread scourges of cholera and smallpox are practically stamped out, reducing the death rate from 47.2 per thousand in 1903 to 16.87 per thousand in 1939. Americans and Filipinos together open up mines, develop new industries, introduce revolutionary changes into old industries, so that the Filipino standard of living is raised to double or more what it was before America came; and, of fundamental importance, America imparts to the Filipino people her own conceptions of human progress, her own political philosophy, and her own ideals. Within the span of a single generation, a progress is achieved truly phenomenal—achieved, as I need scarcely point out, not by the work of either people alone but by the joint efforts and close cooperation of both peoples working unitedly together. Naturally during this time there have been differences of viewpoint and disagreements aplenty; but these have never prevented the steady progress and the fundamental unity of purpose of the two peoples.

Then in 1934 a program is agreed to for definite independence at the end of a 10-year term and during those 10 years the Filipinos are granted wide domestic autonomy and a High Commissioner is sent by the President of the United States to help them prepare for full-blown independence in 1946. All ideas of ruler and subject people quite forgotten; instead a whole-hearted help to a once-subject people to become absolutely free. It is the most striking example I know of in history of the comradeship of two peoples working together for the kind of ideals that make men free.

Now comes a deadly attack upon those principles and a cataclysmic struggle to determine whether or not those ideals shall survive in the world. And the Filipino people, once insurrectionists against American rule, now loyally stand shoulder to shoulder with the American people preparing to fight with them for the triumph of these great ideals.

The striking thing is that this unique comradeship has proved a sound and practical foundation upon which to build. Amid all the shifting sands of the present international world here we strike solid rock.

I wonder if from this we cannot take some heart for the future world in which we shall live.

As long as Germany pursues her present course, no matter what her temporary gains, Germany ultimately will go down in defeat. For humanity never can and never will permanently tolerate the ruthless cruelty, the stark materialism, the utter inhumanity of the present Nazi regime. When the war is over, when Germany lies prostrate, then we shall face the task—the monumental task—of building a new world. The mere return of the old can never suffice. We have discovered that lasting peace cannot be built on the old balance of power, which is only a quicksand. Neither can we build securely on inflamed nationalism. If we are to be practical builders, if we are to build for a peace that will be enduring, we must dig our foundations deep and we must lay them true. In the comradeship of peoples, such as we see manifested in these 40 years of Philippine-American history I believe we have much to learn.

Comradeship is as applicable among nations as it is among individuals. The facts of human nature being such as they are, the only code of human relationships upon which an enduring civilization can practically be based is one of cooperation and brotherhood. And nations in the last analysis are only groups of human beings.

Our future must be based fundamentally upon a growing realization of this fact. And I like to think that all of us, sharing in this interesting and unique Philippine adventure, are having a hand in blazing trails for other pathfinders to a new and better world.

In closing I wish again to express my gratitude for the loyal support given by the whole community to the High Commissioner and his staff. I know that this can be counted on in the future as in the past.

It has been a keen delight to be with you this evening and I speak for Mrs. Sayre, as well as myself, in saying that we shall always treasure in our memories the unforgettable honor you have done us this evening.

APPENDIX D

ADDRESS OF UNITED STATES HIGH COMMISSIONER FRANCIS B. SAYRE
AT THE ARMISTICE DAY DINNER OF THE AMERICAN LEGION, ELKS
CLUB, MANILA, P. I., NOVEMBER 11, 1941

[As copied from the Manila Tribune, November 12, 1941]

The most thrilling day that ever touched the lives of us gathered here tonight was, I venture to say, November 11, 1918. For 4 lengthy and incredibly weary years the World War had been dragging along; we in the United States, unavoidably drawn into the holocaust in the spring of 1917, by 1918 were reading long American casualty lists and growing grim and wondering if the end would ever come. And when on that memorable day the guns ceased firing and men dared to jump out of trenches and walk into No Man's Land the armistice and the end of the war seemed too near Heaven to be true.

Since that shining day 23 years have passed. The great objectives which we thought had been won in 1918—the world made safe for democracy, enduring peace made secure—have not been gained. In our world of today there is more of human woe and misery, more ruthless cruelty and injustice, more wholesale fighting and bloodshed than ever before. The fighting stopped in 1918, but somehow the lasting peace which we dreamed about has not come. The great objectives for which America fought in 1917 and 1918 have not been achieved.

It does not follow, as some have tried to suggest, that the great sacrifices made by America in 1917 and 1918 were futile. Had America not entered the war there might be left today no great European powers able to champion democracy and no democracy left to defend. The mistake some made in 1917 was in supposing that any single achievement of itself can end all war. As long as evil endures in the world there can be no such thing as static Utopia; every new generation must battle afresh to defend its heritages. Lasting peace will never result from any single treaty or convention; a peace that is enduring must first be constructed upon foundations which are true and then must be constantly guarded and defended against the destructive forces which are and always will be rampant in the world. It comes as the result of building upon principles of universal human appeal and resolutely fighting and beating off attacks upon these principles.

For instance, no peace can be lasting unless built upon justice and law rather than upon naked force.

No peace can be lasting unless built upon equality of economic opportunity for all nations rather than upon economic strangleholds and selfish monopolies and unfair discriminations.

No peace can be lasting if men and women throughout the world are denied the chance to work and by their work to earn an independent living.

No peace can be lasting that is built upon a system of forced labor or human slavery.

In the long last humanity will not tolerate any peace except that built upon foundations of justice and righteousness.

Today we are witnessing the culmination of a movement that has been steadily gaining momentum during the past decade. In Europe, Italy in 1935 set forth to invade Ethiopia without any shadow of treaty or other right. The world was shocked and held its breath; protests and epithets were flung back and forth; but peace to the peace-loving seemed too precious to risk by threatening to fight. Italy took over Ethiopia. The following year, in 1936, Germany, who had been closely watching, in violation of treaty provisions marched into the Rhineland and took possession.

From that time on there was no peace and there could be no peace in the world. In 1938 Germany moved troops into Austria, and later that same year into Czechoslovakia; in 1939 Germany moved troops into Poland, and following that, after the Second World War had begun, into a dozen more other European countries, without provocation, entirely without justification or the shadow of right, basing her action solely upon the assertion that might makes right.

Do you see what it all adds up to? Peace cannot be bought by surrender or by appeasement; paradoxical as it may sound, fighting may be the only really practical way to win peace—not only may be, but is, the only practical way if unprincipled ruffians are abroad bent on plunder and destruction and the robbing of innocent victims.

Two conclusions follow: The first concerns the fundamental aims of the United States. Whether one's sympathies lie with Democrats or Republicans, with New Dealers or anti-New Dealers, with interventionists or isolationists, all agree that the fundamental objectives underlying the American faith are the protection of individual freedom and democracy at home and building for world peace abroad. At a time when the world is convulsed, and our very civilization threatened by a terrific struggle, between those attacking and those defending—the only fundamentals upon which lasting peace can be based—America has no choice. She must prepare herself to the uttermost to defend the cause of liberty and democracy and an international order based on law and justice or go down and out. No matter how profoundly some Americans may crave peace, at such a time appeasement cannot buy it. There is not room enough in the world for both the German and the American way of life to continue to exist. In the words of Woodrow Wilson, speaking of German-American relations in the spring of 1917:

There is one choice we cannot make, we are incapable of making: we will not choose the path of submission and suffer the most sacred rights of our Nation and our people to be ignored or violated. The wrongs against which we now array ourselves are no common wrongs; they cut to the very roots of human life.

The United States must fight nazi-ism sooner or later or lose its birthright.

Second. The sooner we devote our full strength and energy—100 percent—to the war effort, the sooner the present terrible tragedy and suffering in the world will be over. The issue facing us now far transcends the concerns of any domestic groups and cannot be subordinated to their interests. At such a time America cannot afford to be frustrated. The issue is whether the American way of life,

whether freedom and democracy, can and will survive in the world. To determine that supreme issue we stand ready again, as we did in 1917, to stake even life itself.

The 2 past years have been filled with discouragement. But I believe the turn of the tide has come. Germany is bleeding badly today from her very costly Russian campaign. We know that in that campaign Germany has failed to carry out her announced program. Many thought Moscow would be taken within 6 weeks; 20 weeks have passed and still Moscow has not fallen.

The gallant Russian Army is still unbeaten; England never can be successfully invaded; and the United States is becoming a vast training camp and arsenal, which makes the ultimate outcome of the war certain and inevitable, provided America shakes herself free of all hindrance and delay.

The future is bright, and always must be for the nations which genuinely fight for humanity. For humanity in the long last cannot tolerate any outcome except the triumph of fundamental justice and human rights.

And so, on this Armistice Day of 1941, 23 years after the first Armistice Day of 1918; we stand not disillusioned or discouraged. Our eyes are on the future; we look forward to Armistice Day of the forties and beyond that to a future bright with promise because of wisdom bought with past experience, a future in which humanity may once more take heart and build its hopes and go forward in the way of freedom and democracy and the security of law upon which alone lasting peace can be built.

APPENDIX E

BROADCAST MESSAGE TO THE UNITED STATES DELIVERED BY THE
HIGH COMMISSIONER OVER NATIONAL BROADCASTING CO. NETWORK
ON SATURDAY MORNING, DECEMBER 13, 1941

I am glad to send you greetings from the Philippines.

Out here on the firing line we have come to grips with reality. We have seen Japanese squadrons of planes shining in the sun dropping swift death and destruction upon portions of Manila and upon Cavite across the bay. War conditions our lives every hour of the day and night. I wish you could see us in the High Commissioner's office—economic experts piling sandbags, political advisers stacking water cans, stenographers and secretaries making improvised gas masks for our staff—all working with an energy and a nobility of spirit that makes one proud through and through.

Men are fighting and dying for America and American ideals. The American Army and Navy are on the job. Filipinos, side by side with Americans, under the command of General MacArthur, are proving with their lives the loyalty pledged to the United States by President Quezon.

The message I send to you in America is this: We on the front line are fighting to the death, for we have abiding confidence in our cause and in our leader. We know that you back home will send us help and that you will not permit divided counsels or capital-labor disputes or red tape or anything else to delay your getting effective help to us before it is too late. We are in the fight to stay. War enjoins upon us all action, action, action. Time is of the essence. Come on America!

APPENDIX F

ADDRESS BY THE UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS ON THE OCCASION OF THE SECOND INAUGURATION OF PRESIDENT QUEZON AND VICE PRESIDENT OSMEÑA, DECEMBER 30, 1941

This second Inauguration Day of the Commonwealth Government falls at a time pregnant with significance. An important part of future history in the Far East is hanging upon us—upon the courage and brave resourcefulness and indomitable spirit with which we meet the present hard days.

The great days of any country's history are not the days of prosperity, but the days of adversity. It is when the odds are heavily against one and victory can be wrested out of defeat only through heroic action and unconquerable gallantry that a people writes the great pages of its history.

The present days in the Philippines are times of trial but never of despair. It is given to us to fight, if necessary to lay down our lives, for the ideals of liberty and democracy, the most precious of the heritages which have been handed to us in the long march of human progress. In our common defense of these ideals, Americans and Filipinos are drawn together with a closeness of bond never felt before. Under the able military leadership of General MacArthur we have become brothers in blood, shed for the defense of common ideals. Such a bond transcends all political ties. It breeds a comradeship that can never die.

This afternoon, as spokesman for the American Government, I want to express America's gratitude and pride for the loyalty, the devotion, the gallantry, with which the Filipino people have entered this great struggle by America's side. Because the events of the last 3 weeks have been hard we will not be discouraged. The real struggle is only beginning; and there can be no question whatsoever as to its ultimate outcome.

Death is preferable to slavery. As long as humanity believes that, no Germany, no Japan can ever conquer the world. That faith and that determination welds all free peoples together into a mighty throng which is invincible and inevitably triumphant.

This afternoon we are inaugurating for a second term Manuel L. Quezon, as President, and Sergio Osmeña, as Vice President. It makes me happy to have a part in this historic occasion. To them, as the chosen representatives of the Filipino people, America brings its gratitude for their fine loyalty and its hopes after the present crucial struggle is ended for high achievement along the pathway toward peace and human liberty.

Mr. President and Mr. Vice President, I have the high honor to read to you a personal message sent me to read upon this occasion by our President, Franklin D. Roosevelt:

On the occasion of the assumption for the second time by President Quezon and Vice President Osmeña of the highest office at the disposal of their fellow countrymen please extend to them my congratulations and best wishes for continued

success in their administration. To the Filipino people in general I desire to take this opportunity to express my appreciation of the loyal and effective cooperation which they, under the able leadership of President Quezon and Vice President Osmeña, have extended to the United States Government. It is a source of pride and satisfaction to all Americans who are familiar with the history of Philippine-American relations to know that in times of crisis such as now confronts this Government, the Filipino people are ready and eager to stand shoulder to shoulder with the American people in the common defense. For more than 40 years American and Filipino statesmen have labored unceasingly for a better understanding of Philippine-American problems. No better evidence that their labors have not been in vain could be found than the manner in which the Filipino people have, in the present emergency, made common cause with the people of the United States.

FRANKLIN D. ROOSEVELT.

APPENDIX G

ADDRESS BY THE HONORABLE FRANCIS B. SAYRE, UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS, DELIVERED OVER THE RED NETWORK OF THE NATIONAL BROADCASTING CO., AT 7:45 P. M. (E. W. T.) WEDNESDAY, MARCH 25, 1942, FROM WASHINGTON, D. C.

FELLOW AMERICANS: Never before has home meant so much to me! Never before have I appreciated so deeply what it means to be in America and to be an American. Compared to the life we in Corregidor and Bataan have been living, America seems literally like another world.

First, I would like to say a word about the American civilians still living in this other world, particularly those caught in Manila. Their lot has been my constant concern. Bombs started falling in Manila very shortly after the outbreak of the war.

During those days I sought the means of evacuating from Manila at least such women and children as might want to go; but by then the waters surrounding us were infested with Japanese ships and I was told that no such evacuation could be carried out with any reasonable degree of safety.

On the day before Christmas General MacArthur, in command of the military situation, requested both President Quezon and me to leave Manila within 4 hours and to go to Corregidor and make it the temporary seat of government. Many members of my staff remained in Manila to help care for and look after the Americans and the others remaining there.

Until the Japanese entered Manila I was in constant communication with the city and particularly with my staff there. On the day before the Japanese entry my executive assistant telephoned me that all the members of our staff were in good health and that all was quiet in the city. After the Japanese entered all communication with Manila necessarily ceased. I had to realize that to establish communication with any individual in occupied Manila might cost him his life; that for the safety of those living there we must not try to communicate with them. As a result I have no direct and authentic information since January 2 concerning American individuals in Manila.

I tried in every way possible to learn what I could about the Japanese treatment of Americans and Filipinos after the occupation. Through Army Intelligence, through various underground sources, I picked up such information as I could, but none of it is authentic or to be too greatly relied upon.

From what I could gather it seems that all Americans were ordered to keep off the streets and to register. Some took to the hills and disappeared and of them we have no word. Those who registered were, with some exceptions, concentrated in Santo Tomas University. So far as I know they are still there. In the case of those Americans who employed Filipino servants, I am told that the Japanese allow the Filipino servants to buy food and bring it to the university gate; this is then passed in and given to the families concerned. I was also in-

formed that the Philippine Red Cross is feeding those Americans who have no such means of obtaining food. What food the Japanese are providing, I have no means of knowing.

I have also been told that the Japanese have more recently been relaxing the restrictions and allowing women and children to return to their homes. I have also been informed that the inmates are permitted to move about the university grounds.

The Americans in Manila are very much in my heart. I want them and their families to know that America will do everything in its power to help them. Upon my arrival in Washington I found hundreds of pathetic letters from Americans in the United States asking for information regarding their friends and relatives in the Philippines and I am distressed that I cannot give them more detailed information. I shall reply to these inquiries as fast as I can.

Every endeavor is being made to ascertain the true situation, whether through a representative of the International Red Cross, through some neutral consul stationed at Manila and permitted by the Japanese to investigate conditions, or by other means. Efforts are already being made by the Red Cross and others in this direction and I shall not rest until I am satisfied that everything that can be done is being done.

The hard-fought campaign directed by General MacArthur and his staff is well-known to the American people. By order of the President he has left the Philippines to direct the United Nations' participation in the war in a larger theater. Our forces remaining in the Philippines are under the command of able and experienced officers who have distinguished themselves, time and again, on the battlefield. From my personal knowledge and observation of these officers, I can assure the American people that they will carry on the campaign in accordance with the best traditions of the American fighting forces.

For 2½ months I have been living with the American and Filipino soldiers and sailors on the Corregidor front. I have watched them under devastating shell fire—living with death. Their spirit is magnificent. Battle-scarred, smoke stained, weary but unbeaten, they are living up to the best of American traditions. They are carried into the hospitals with never a complaint but only crying out "When can I get back into the front line again." You mothers and fathers with sons in Corregidor and Bataan—you have reason to be proud; and America owes you a great debt.

With our boys going through the tortures of hell for us here in America, can there be any doubt that we will do our utmost to match their gallantry? No sacrifice on our part of personal comfort or of special interests or privileges or even of life itself can be too great.

Never in our country's entire history have we faced an issue such as that of today. The world can be a place where lust and hate and fury and naked force are given unbridled rein, where every man's hand is against every other man's, where force is paramount and men have to revert to a life of fear, of living in holes in the ground, of savagery. Or on the other hand, the world can be a place where brute and lustful instincts are restrained by law and organized justice, where Christian virtues are respected and observed, where human rights are protected and mankind can progress to a richer, fuller life.

The Axis countries are out to create the former kind of a world. Their faith is in ruthless force. They fundamentally disbelieve in the brotherhood of man.

America, born of the effort to make men free, dedicated to the struggle for the rights of humanity, cannot waver. The struggle is not one merely of power politics. It is to determine which of the two conflicting kinds of world our children and our children's children shall live in. It is to decide whether humanity shall go forward or must now surrender the gains of past centuries of sacrifice and struggle and revert to barbarism and brute savagery.

It is the greatest issue and the greatest struggle our country ever has faced. Everything we care about hangs upon the outcome. In a cause as high, as holy, as this no sacrifice on our part can be too great. Come on, America. Awake and prove to the world how America, thoroughly aroused, can fight.

I keep wondering whether America realizes the gravity of the job she has undertaken. It is not an easy task to win a war against nations armed as are Germany and Japan. The job is infinitely more difficult when it involves fighting thousands and thousands of miles away from our own shores. I was looking up the distances in the Pacific on the map the other day. From San Francisco to New Zealand is some 5,700 miles and from New Zealand to Sydney in Australia is some 1,300 miles. Seven thousand miles to Sydney. And after you have managed to convoy troops and planes and oil and ammunition and supplies to Australia through 7,000 miles of submarine-infested waters—in a sense the job has only just begun. From Sydney to Manila is still 4,000 miles more or less; and from northern Australia on we've got to fight every inch of the way from island to island and from strait to strait against a determined, utterly ruthless, well-equipped enemy who already has gained possession of most of the salient strongholds of the East. No easy task that. And at the same time Germany, armed and organized for war as no country in history has ever been before, implacable, cruel, determined, is in possession of the greater part of Europe, and still threatens the whole of Europe. Against such odds can America triumph? A thousand times yes.

The already bleeding Axis nations can be no match for America with her well-nigh inexhaustible natural resources, her strategic continental position, her virile and capable and huge manpower—provided only the American people awaken to the magnitude of the task they have undertaken and prove themselves ready to make the necessary sacrifices. We must realize that it will cost a heavy toll. We must sacrifice as we have not begun to yet. But I have not the slightest doubt as to what the answer of the American people will be.

America can and will win this war. We shall be returning to Manila and to Corregidor. We shall drive these ruthless barbarians northward beyond the Netherlands Indies, beyond Borneo and the Malay States, beyond the Philippines. They are daring, but we shall outdare them and outfight them and bring into eternal discredit the kind of treacherous and lawless and ruthless attack which will go down in history coupled with the name of Japanese. America will not rest until this is achieved. Indeed, we must go beyond that.

Those of us who have seen war at white heat can never rest again until some way can be formed to build a peace that will be lasting. That is as much America's job as the winning of the war. And, I know that the American people, once having set their minds to the task, will not fail.

APPENDIX H

ADDRESS OF THE HIGH COMMISSIONER BEFORE THE UNITED CHINA RELIEF SOCIETY, APRIL 9, 1942

The following excerpt is taken from the address delivered by the High Commissioner to the Philippines, Hon. Francis B. Sayre, before the United China Relief Society on Thursday, April 9, 1942, at 8 p. m. eastern war time. In speaking before the United China Relief, Mr Sayre said in part:

"In the stupendous struggle in which we are now engaged, there will be no easy victory. The powers of evil arrayed against us are too strong, too terrible. We shall win only by deep sacrifice—by giving up many of the things upon which in the past we have built our comfortable lives—by giving lavishly of our substance, aye! and of our own flesh and blood. War is a grim business; and in the face of its insatiable demands we must be prepared to sacrifice every conceivable personal interest, no matter how precious, for the sake of the common cause.

"Statistics fail to tell the story of the appalling sacrifices which China has made during the 4½ years of her brave struggle. Bare figures cannot speak of Chinese heroism in the face of terrific odds, of Chinese gallantry in defense of her homeland, of the Chinese people's sacrifice of everything dear to them for the country they love. Only those who have seen with their own eyes China at war—have witnessed China's "scorched earth," have seen her shattered and deserted homes gradually falling to pieces, have looked into the hunger-drawn and pathetic faces of the Chinese peasants, have seen in the early morning hours on the streets of once wealthy Chinese cities the prostrate forms of Chinese men and women and little children stretched on the sidewalks fast asleep, stripped of every possession and with no place to go, or watched their dead bodies being carried away early in the morning—only those who have seen China in the midst of her travail can understand what real sacrifice and suffering means.

"There is no people in the world that can make sacrifices and bear suffering and still carry on with the patience and the fortitude of the Chinese.

"The thought I want to leave with you tonight is this: The democracies to win must achieve a spiritual unity. The real strength of the democracies cannot be measured merely by their superior manpower, by their more extensive resources, by their greater wealth or superior power to produce armaments. These, important as they are, will not finally determine which way the scales will turn. The really vital strength of the democracies lies in the cohesive force of their underlying concepts, just as the underlying concepts of the Axis Powers have a profoundly disruptive force. Among the Axis Nations the fundamental concept upon which they seek to build their power is self-gain

through naked force—might uninfluenced by right; and because among nations building upon such a philosophy there is no such thing as good faith or fair dealing or the obligation to observe even to one's own cost the treaty rights of others, there can be among such nations no lasting alliances, no true loyalties, no winning of free peoples to their support. On the other hand, the fundamental concept upon which the life of the democracies is based is human brotherhood and the defense and the development of the rights of humanity. As long as nations and peoples build their relationships upon human brotherhood, as long as they genuinely strive for human rights—for equality of opportunity irrespective of race or creed or color, for the right to shape one's life and work according to one's own conscience, for the protection of the weak against the unjust oppression of the strong—as long as nations fight for these, men in every part of the world, men in every generation, will flock to their standards. Such peoples will be welded together indissolubly by a spiritual unity; they will gain an accumulating power and an unconquerable strength which will prove ultimately overwhelming.

“That to me is the importance of this meeting tonight. China during her 54 months of war has given and bled and sacrificed as probably no other nation in the world. China in her dire need turns to America, still wealthy, still in possession of incomparable wealth and resources. Do we believe—practically—in human brotherhood? If not, let's stop talking about winning the war. But if we do, now is the time to evidence our faith.

“We shall never win the war, believe me, by merely turning ourselves into the arsenal of the world. True, we must produce armament and munitions and war supplies as no other nation has ever yet produced them. That is absolutely necessary. That goes without saying. But that alone will never win the war—and still less will it build a world that humanity can tolerate following the military victory. There is only one way to win the war—only one way to win the peace which follows the war. We must build upon moral foundations.

“Ours is a moral world. The break-down and the tragic catastrophe which engulf us today are the result of seeking to build power on immoral fundamentals. It simply won't work. Babylon tried it—and failed. Rome tried it—and failed. Hitler is trying it—and will fail.

“Except as it is built upon truth and justice and good faith and regard for human rights—except as it is built upon human brotherhood—no civilization can endure.

“America, land of human brotherhood, born of the effort to make men free, dedicated to the defense of the rights of humanity, must keep true to her great traditions. Steadfast to these, she must assume throughout the world a moral leadership commensurate with her power. True to these ideals, America and China and all other free peoples, God helping them, cannot fail. The cause of humanity once more will go forward.”

APPENDIX I

WAR DAYS ON CORREGIDOR

(By Francis B. Sayre, United States High Commissioner to the Philippine Islands
gives eyewitness account of gallant defense)

[Reprinted from the April 20, 1942, issue of Life]

For 2 months I have been living under bomb and shell with our soldiers and sailors on Corregidor. Coming fresh from that battle-front where men were down to the ultimate realities of life, where all of us lived daily with death, and suddenly plunging as I have into comfortable America, with lights blazing at night and streets filled with automobiles, with lavish supplies of fancy food and clean clothes and hot water, with careless laughter and movie shows and all the soft, good things of life—I find it hard to believe that I shall not undergo the customary awakening on my rough cot on Corregidor and find it only a wistful dream, and wonder where the next shells will strike. Corregidor and America are two different worlds; and the contrast to me is almost shocking.

During the two and a half years of my work in Manila, one of the clouds upon the horizon, upon which our gaze was constantly fixed, was the threat of war with Japan. All of us hoped that war could be avoided. But we were never free from that unwelcome specter. Our conferences with General Grunert, then in command of the American forces in the Philippines, and with Admiral Bemis, then commandant of the Sixteenth Naval District, became more and more frequent. At the same time we intensified our work on civilian defense plans. I sent my senior military aide on a visit to the Malay States and the Netherlands East Indies to study and report back to me on the measures for civilian defense being adopted in Singapore and Java. Our own plans and preparations were pushed. We were manifestly moving nearer and nearer to the brink of the precipice. Orders came to mine Manila harbor. Later we were directed to suppress the news of ship movements. In November the Navy assumed control of the movements of American merchant ships.

Finally, on December 1, we received a message from Washington warning us to be on the lookout for a possible Japanese attack. Admiral Hart, General MacArthur, and I met in my office to confer on the grave situation. Every plan and preparation was made against the eventuality of war. Yet even then the possibility of actual war seemed hard to believe.

NEWS OF PEARL HARBOR CAME PROMPTLY

At about 4 o'clock on the morning of our December 8 (corresponding to December 7 on the other side of the international date line) I was awakened by the sound of bare feet running down the corridor of the High Commissioner's Residence toward my bedroom. It was

my executive assistant, Claude Buss, bringing the first breathless news of the attack on Pearl Harbor.

Yet when war actually came, it still did not seem real. That dawn we acted almost automatically, setting in motion the machinery we had been planning for months before. Fortunately, we were able to work quickly, for telephone wires had not been cut and public utilities were functioning without interruption. I called my staff from their beds and set everyone to work. Public statements had to be issued, Commonwealth officials notified, civilian defense measures taken. I issued orders for the immediate closing of the Japanese banks in Manila, and arranged for posting guards around them.

Our own Residence had to be prepared for defense. Six months before I had saved enough out of my annual appropriation to purchase quantities of bags and sand, as well as emergency tools, first-aid materials and the like. Now I assigned several of our staff to superintend the filling and piling of sandbags, and others to carry out carefully planned preparations to make our basement habitable as a splinter-proof shelter. Against a possible siege, we bought quantities of food and supplies and numerous large garbage cans which were placed along the corridors for the storage of water, in case the mains should be cut. We closed the gates of our compound, admitting visitors only by pass, and stationed heavy guards of Philippine Constabulary around the grounds and entrance hall.

All that Monday we worked feverishly and during the day received news that the Japanese had bombed Camp John Hay and also Clark Field, to the north of us. At the end of the afternoon I had a conference with General MacArthur. He was pacing the floor of his office and I could see from the drawn lines on his face how grave the situation must be. He read to me the radio telling of the tragic losses suffered at Pearl Harbor and the damage to the Navy upon which our relief vitally depended. He went on to tell me that many of our own planes had been destroyed on the ground at Clark Field. Our hearts were heavy and it was hard to believe that we were not in some horrible nightmare from which we would awaken. Again and again this feeling returned—that we were moving in a dream and that it could not be reality—especially during the long watches of the night.

Followed days of tense emotion and deepening tragedy. We slept in our clothes and during the first few nights of the war were up and down with frequent air-raid warnings most of the night. Our basement was too hot to remain there longer than positively necessary, for even in December Manila is not free of tropical heat. Later we improved matters by installing in the basement electric fans, as well as a telephone, writing table, chairs, first-aid materials, and emergency food and water. As soon as our air forces at Clark Field had been reduced to impotency, Japanese planes appeared over Manila and commenced bombing Nichols Field, the military airport in Pasay, a Manila suburb. We had our first experience with Japanese planes overhead.

HIGH COMMISSIONER'S RESIDENCE WAS TARGET FOR BOMBS

The High Commissioner's Residence, standing apart on the shore of the bay, in the center of extensive grounds, offered the most beautiful target in Manila; and we wondered how long Japanese airmen

could restrain themselves from practicing their art on our white, shining building. Manila itself is exceedingly vulnerable to air attack. Its low-lying area makes the digging of underground shelters impossible; and the overcrowded flimsy wooden buildings in many portions of the city make it a first-degree fire hazard if attacked by incendiary bombs. During those tragic days what I feared most was a Japanese air raid directed against the civilian portions of the city. Such an attack would have resulted in indescribable tragedy.

With each succeeding day came darker and darker news. Reports reached us that a hundred enemy transports had appeared in the north. We could not believe that the Japanese would be able to make a successful landing—but they did; and soon we heard that Japanese troops were relentlessly pushing southward. Then came reports of successful landings to the south and the more or less rapid northward advance of these troops.

In the meantime we were working closely with an American committee organized to look after the welfare of the American civilians, as well as with the Philippine Red Cross. Evacuation centers were secured and prepared in case a sudden evacuation from Manila should prove necessary; the Americans in each district were organized and instructed what each should do; plans were made for first-aid help for the civilian wounded.

One of the most dramatic and tragic sights I have ever witnessed was the bombing of Cavite, directly across the harbor from the Residence. Cavite was the old Spanish naval base which Dewey had captured in 1898, with its beautiful Comandancia where the Spanish naval commanders had lived and Admiral Rockwell made his headquarters. America had poured millions of dollars into Cavite to make it a great modern naval base with naval shops, ammunition stores, and oil supplies, all dominated by three tall wireless towers.

JAP PLANES WERE UNOPPOSED OVER CAVITE

We watched the Japanese planes—27 of them—circling high above us, shining in the sun, flying in V formation. They passed over Manila, dropped a few bombs on Nichols Field and then proceeded to Cavite. With slow deliberation they circled around it and then dropped their bombs. Within 15 minutes Cavite was wiped off the map. Following the roar of explosions, great clouds of smoke and later leaping flame rose over the inferno. That afternoon small boatloads of mutilated human bodies came across the bay and landed their dreadful cargoes to be taken to Sternberg Hospital in Manila. The comandancia was burned to the ground. Admiral Rockwell barely escaped with his life. All night flames lit up the sky above Cavite and even next day the fires still raged. Cavite was left a shambles and a gaping ruin.

Those of my staff who were not living with their families gathered in the Residence each afternoon before darkness fell. We improvised a ladies' and a men's dormitory behind sandbags along the center court of the Residence, close to the stairway down to the shelter. There under mosquito nettings rigged over mattresses laid on the floor, our staff spent the fitful nights. No lights could be shown and we had but one or two rooms which could be successfully blacked out. In these we tried to brighten an hour or two after an early supper by games of cards or by conversation before throwing ourselves, more

or less fully dressed, upon our mattresses to gain strength in sleep for another day.

As our troops, without air support, were forced to fall backward toward Manila we could see developing a gigantic pincers movement with a Japanese army descending upon us from the north and another from the south, aiming to meet in Manila and crack us to pieces. Without American reinforcements to save us there seemed no escape.

Except for radio and cables we were completely cut off from the outside world. All mail communication had ceased.

During one of my conferences with General MacArthur we discussed what plan to follow in case the fall of Manila became imminent. In such an event, in order to avoid capture, he wished the United States High Commissioner, and the President of the Commonwealth Government to go to Corregidor, there to set up a temporary government. Distasteful as this course seemed in many ways, there appeared to be no other solution.

I put some of the staff to work on our files, removing all the secret or confidential documents which would have to be destroyed in event of forced flight. From banks and individuals I rounded up gold, money, securities, and other valuables to be destroyed if necessary to prevent their falling into enemy hands. We worked against time and under frequent bombing raids. We lived from day to day, trying to meet each fresh duty as it arose and not to let our minds dwell on the future.

The evening of December 23 we spent wrapping up Christmas packages of cigarettes and toilet articles for the wounded who filled to overflowing our regular and our makeshift hospitals. We set preparations on foot for a daylight Christmas Eve party for our staff and the members of the American consulate. On the morning of the day before Christmas, I sent a short note to Admiral Hart asking him to share Christmas dinner with us. No sooner had I dispatched this note than I received an urgent telephone message from General MacArthur, informing me that the fall of the city was imminent and that President Quezon and I must leave for Corregidor within 4 hours. He himself would join us there that evening.

We moved in a daze. I gave orders to burn all our confidential files into which had gone so many months and years of careful work. I removed the large American and High Commissioner's flags which ever since I entered office had hung over my chair at the end of the room. These I took to Corregidor. They are still with me. I broke in two the High Commissioner's seal of office.

HURRIED DEPARTURE FOR CORREGIDOR

Mrs. Sayre was carrying on a Red Cross meeting and I had to call her out to tell her that we must leave. We could take only such clothing and personal things as we could throw into two suitcases. We had been the first occupants of the High Commissioner's Residence and during the preceding 2 years we had collected many precious things to beautify it; radiant old silks and antique Chinese ivories, rare stone carvings, Oriental screens, vases, paintings, and silk rugs. All these, as well as our books and my collection of Philippine brasses and bolos and Moro krisses and a brass lantaka, we had to leave behind. There was not even time to go through our bureau drawers

and closets, nor in any case would we have had the heart to do so. Our minds and hearts were with the many friends, both American and Filipino, whom we must so unceremoniously leave behind in Manila. It might be many a long day before we would see them again and who knows what might happen in the meantime.

Because of the extremely limited accommodations on Corregidor, I could take with me only nine of my staff. The others agreed to remain in Manila to carry on official duties as long as possible and to look out for the welfare of American civilians. So far as safety was concerned, there seemed little choice between Corregidor and Manila. Manila had no tunnel to resort to; but Corregidor promised to be the very center of Japanese attack, where life would be anything but safe or pleasant.

We were interrupted by the usual morning air raid. Bomb explosions sounded close at hand. Evidently the Japanese had commenced to bomb the port area and the harbor through which we would have to make our escape. Half an hour before we left, I called together our Filipino and Chinese servants to tell them that we had to leave and to say good-bye. Never have I had more true and loyal service than from these. Now we must leave them behind. Claude Buss, my fine and loyal executive assistant who had asked to remain in Manila to look after the work there, I placed in charge of the staff. I gripped him by the hand but I could not speak.

The bombing had stopped and the all-clear had sounded. We jumped into our waiting automobiles and raced for the Presidential Pier, quarter of a mile away. I could not help thinking back to the day, 2 years before, when I had landed on this same pier, amid 19-gun salutes and waving flags and zooming planes overhead, to be greeted by President Quezon and his Cabinet. Now, 2 years later, President Quezon and I met again at the same pier, between bombing raids and in danger of our lives.

We boarded two waiting launches. No planes were overhead. We sped out to the *Mayon*, an interisland steamer which was waiting outside the breakwater to take us to Corregidor, 27 miles across the bay. In our party were Mrs. Sayre and our 15-year-old son Billy, President Quezon, his wife, and three children; Vice President Osmeña, 9 of my staff, and some 20 or 30 of President Quezon's staff. Later that night General MacArthur joined us with his wife, his 4-year-old son, and his staff.

We went to sleep that Christmas Eve in cots jammed end-to-end along the sides of the Corregidor tunnel. All our possessions were in the suitcases under our cots. Life had been reduced to the elemental. On Christmas morning we went into khaki. There was no laundry to which to send clothes and no hot water; cold water was limited and at times not to be had. Khaki showed dirt less than whites and offered less of a target to bombers and machine gunners. It seemed ironic that our first day in the Corregidor tunnel should be the celebration of the birth of the Prince of Peace. We could not even make believe in the Christmas spirit. We tried to forget in that hot, foul tunnel air that it was Christmas Day and largely succeeded.

Corregidor is a high rocky island, 4 miles long, covered with dense vegetation. Incongruous as it may seem, Corregidor is one of the loveliest spots I have ever seen. Its roads wind in and out and up and down through luxuriant tropical tangles and temperate forest

growths. Birds are everywhere. High cliffs command entrancing views in every direction of blue, blue sea, sparkling in the sun, studded with rocky islands. To the east lies the whole sweep of Manila Bay with the white buildings of Manila visible on a clear day. To the north rise the beautiful green-clad slopes of Mariveles Mountain on the Bataan Peninsula, separated from Corregidor by 2 or 3 miles of water. The winds blowing in from the China Sea cool and freshen the air so that the island is free from much of the stifling tropical heat of the mainland. It is also one of the few places in the Philippines where one can sleep without mosquito nets. During the times when no bombs or shells were falling and none of our own guns were firing, Corregidor seemed the very incarnation of beauty and peace.

ROCK TUNNEL SERVED AS COMMISSIONER'S OFFICE

The startling beauty of Corregidor is all the more vivid in contrast to the life underground. Out of the solid rock of Corregidor, tunnels have been cut with laterals and cross-laterals. In one of the laterals of the hospital tunnel we established our headquarters and made our home. We gave up all privacy along with the soft things of life. We ate at a common mess in the tunnel, slept in the tunnel, and worked there as long as the foul air and difficult working conditions would permit. I managed to secure two desks and make room for them at the end of the lateral. Here my secretary and stenographer faithfully and loyally worked day after day, going out to the tunnel entrance to drink in the fresh air whenever they could stand it, no longer. It was characteristic of the Corregidor spirit.

The commanding general had placed at my disposal one of the officers' houses a little less than a mile from the tunnel entrance. It was situated near one of the batteries and commanded a glorious view of Mariveles and Bataan. The morning after Christmas we took our staff up to the house to look the place over and arrange a working office. We were interrupted by the drone of Japanese airplanes, and then by the explosions of bombs and the crack of anti-aircraft batteries around us. We jumped for an open ditch by the side of the road and watched the fireworks. After that the staff decided they preferred to work in the tunnel.

But the Japanese seldom bombed at night, and the tunnel air was at times so overcharged with dust and germs that my boy, Billy, attacked with asthma, developed a fever, was confined to a hospital bed and could not seem to throw off the fever or regain his strength. Accordingly, Mrs. Sayre and I decided that danger from the germs and dust was worse than that from bombs, and thereafter, except when air raids or shelling drove us back to the tunnel, we slept with two or three other members of our staff in the house. It became our custom to steal away from the fetid atmosphere and oppressive sights of the tunnel every afternoon an hour or two before sundown, walk up the dusty road to our haven of refuge and there spread a blanket on the terrace and stretch out on our backs, drinking in the fresh air and the beauty and the serenity of the scene. It was like fresh drafts of life, and it gave us new strength and resisting power. We used to lie there watching the stars come out and wondering about the loved ones back in America seeing those same stars. How were they faring and would we ever see them again? As darkness

settled down we could see the flashes of the Japanese guns answered by our own over on Bataan, followed by the sound of the explosions. On many nights the whole sky would be alight with the flames from the havoc and destruction following the shelling. Some nights we were driven back to the tunnel by the scream of overhead shells, and that always meant an exciting dash. But on other nights we were blessed by absolute quiet and we thanked the Japs for that.

At the beginning of our stay our heaviest casualties were from air raids. A few days after our arrival the Japanese put on a big show, rained bombs upon the fortress, and later announced to the world that Corregidor had been put out of commission and its surrender was only a matter of days. Japanese bombs did smash many of the buildings and quarters at "Topside," where part of the garrison lived before the war began. Our men were still so new to air attacks that our casualties were heavy and the hospital-tunnel corridors were crowded with blood-soaked stretchers and dying men. The whole tunnel shook with the force of the terrific explosions. But when the damage was reckoned, apart from the casualties no irreparable harm had been done. Each time the Japanese repeated their air raids over Corregidor our anti-aircraft gunners grew more and more expert and the Japanese lost more and more planes. The time came when air raids over Corregidor seemed to them too costly. The Japanese press reported that some new and secret anti-aircraft weapon had been devised and was being used at Corregidor.

Then they began to plague us with shelling from batteries planted on the Cavite shore to the south of us. The shells had the advantage of coming singly and not doing wholesale destruction. But on the other hand, in the case of bombs, if one were alert one had several minutes to run after hearing the drone of a plane before the bomb would explode. A shell gave no warning but its own scream, and then it was too late to run. Also, the shells often came at night. On the whole, I think we preferred the bombs.

DISPOSAL OF MONEY WAS A PROBLEM

One of the difficult problems that we faced at Corregidor was the disposal of the gold and other securities which had been given into my custody to prevent their falling into the hands of the Japanese. I found myself the proud possessor of some 6½ tons of gold, of many millions of dollars in United States paper currency, of additional millions in Philippine paper currency, and of large boxes, given me by the banks, of securities, bank assets, and valuables of various kinds. What to do with them? The President had authorized me to destroy them if in my judgment necessary to prevent them from falling into Japanese hands, but I hoped a way could be found to save them from destruction.

So far as the paper money was concerned, the problem was easy. After all, it was of no intrinsic value. If a careful record of it were made, it could safely be destroyed on Corregidor and reissued in Washington. This was the course we followed. After the great bundles of bills had been counted and carefully inventoried, I appointed a responsible committee to witness its destruction; and during the days that followed great stacks of American paper currency—5- and 10- and 20- and hundred-dollar bills—were burned by the armful to

the intense interest and wonderment of the soldiers standing by. "Oh, boy," exclaimed one, "I never saw so much money in my life, but I wouldn't trade the whole lot of it for the chance of being back on my little old farm in Tennessee." My naval aide got the thrill of his life by nonchalantly lighting his cigaret with a tightly rolled \$100 bill.

The gold presented a much more difficult problem. It could not be blown up or destroyed. It could be walled up in some secret hiding place, but might it not be found? It could be sunk in the harbor and the bearings of the spot kept secret; but might not the Japanese, if they got wind of the proceeding, seek by torture to extract knowledge of the spot from those who knew and so recover it? Many days and nights I puzzled over the problem. Living in Corregidor we had lost all sense of values—or perhaps had gained a truer sense. The metal was useless to us there and a headache rather than an asset.

There was also the problem of bonds and stock certificates and various paper securities. Was there no way by which these could be saved? In the end, by means which military secrecy does not permit me to reveal, a way was found to save all the gold and the valuables in our possession. Only the other day I had the pleasure of turning over several trunks of securities to the grateful officials of one of our well-known New York banks.

MANILA COMMUNICATIONS CUT AT NEW YEAR'S

During our first week on Corregidor we were in constant communication with Manila by telephone, by letter, and by daily boats. Naturally I kept in particularly close touch with my office staff. On January 1 I talked for the last time with Claude Buss. He reported to me that every member of our staff was well and that the city was quiet. The Japanese were expected to enter on the morrow. He had no fear and expressed confidence. I spoke of my deep and abiding appreciation of the loyalty and splendid service of him and the other members of the staff remaining in Manila, and we lingered a little over the good-bye. It was hard to say. I wondered then and I wonder now when I shall see him again.

After the Japanese entered Manila on the following day all communication with Manila ceased. I had to realize that to establish communication with anyone in the city might cost him his life. For the safety of all we must not even try to communicate. As a result I have no direct and reliable information since January 1 of any American individual in Manila.

From Army Intelligence sources, however, and from Filipinos who managed to cross the lines I learned what I could. After the Japanese entered the city all Americans were ordered to register and to keep off the streets. Some Americans took to the hills and disappeared. Those Americans who stayed in Manila were, with some exceptions, interned in Santo Tomas University. So far as I know they are still there.

I was told that those Americans who had previously employed Filipino servants are allowed to have their servants purchase food and bring it to the gate of Santo Tomas. Those without servants, I was informed, are being fed by the Philippine Red Cross. What food the Japanese are providing I have no way of knowing. According to

later reports the Japanese seemed to be relaxing some restrictions and allowing old people and women with babies to return to their homes as well as allowing inmates to move freely about the university grounds.

The Americans in Manila are very much in my heart. Among them are close friends with whom Mrs. Sayre and I have lived and worked for over 2 years. I shall not rest until I am satisfied that everything that can be done for them is being done.

Each day on Corregidor we used to come out to the tunnel entrance and hang over the radio, hungry for every bit of news upon which we could build our hopes. How soon could we get back to Manila? When might we justifiably hope to see American planes in the air? In the early days at Corregidor the conservative estimate was some time in February. Our hopes rose and fell with each day's news. As the tide of battle rolled southward and the Japanese effected one successful landing after another, our hopes dwindled.

We began to realize that our deliverance depended upon a smashing attack and defeat of the Japanese to the south of us. We pinned our hopes on Singapore. We were buoyed up by the Allied naval victory in Macassar Strait and we hoped that would mark the turning of the tide. But as the Japanese advance continued to roll irresistibly southward we were forced to realize that American planes and troops could not reach us in February or even in March—might probably not reach us in time to save Corregidor—and that all we could do was to fight on, defend Corregidor to the last man and force the Japanese to pay for it a terrible price. To face that realization with open eyes and stout hearts took more real courage than dodging bombs and shells. The great story of Corregidor is that our troops in the face of this kept and still keep their determination unwavering and their spirits high. *Morituri te salutamus.*

It is a privilege to be one of a company of men like that. I fully expected to share their lot to the end. I had given up the hope of seeing again—certainly not for many long months, if at all—my other children, my home, the country I love. Escape seemed completely cut off, for no bomber could land at Corregidor, the Japanese had complete control of the air, and Japanese ships and planes commanded the seas for some 1,500 or 2,000 miles to the south of us.

ROOSEVELT ASKED SAYRE AND QUEZON TO LEAVE

Then out of a clear sky one February day came a radio message from President Roosevelt. He suggested that both President Quezon and myself, if we were willing to risk it, should come to America; and he authorized the means through which the perilous trip could be attempted.

It was a hard decision to make, for my wife and son and eight of my staff were with me. The existing problems in the Philippines for the time being had come to be military and not civil; my civil functions had been largely superseded. It seemed clear that I could do more for the troops at the front—more for America—by laying the situation before governmental circles in Washington than facing capture at the hands of the Japanese. Evidently the President wanted me home. But as our only means of escape necessitated heading for

areas where the fighting was hottest, had I the right to risk the lives of my family and my staff?

We decided to risk it.

On an evening late in February, as soon as darkness had descended, we bade farewell to Corregidor. For reasons of military secrecy we could not let it be known that we were leaving or even say good-bye to our friends. During a quiet hour when no shells were falling General MacArthur and Admiral Rockwell saw us off. "When you see the sun again," General MacArthur said to me, "it will be a different world." It was not safe to linger over good-byes; shells might come our way at any moment. We pressed each other's hands and in the darkness hurriedly parted.

As we left, my boy, to whom I had not yet dared reveal our plans or our destination, renewed his questionings. "Where are we going, Daddy?" he asked. "We're going home," I said with a choke in my throat; and it sounded so impossible I could not believe my own words.

We made our way across the bay to Bataan and there waited in silence until 3 a. m. when the moon had set and the water was black. Then we started on our long journey homeward.

Life to me never again can be quite the same. Experience burned too deep. As I step into the dazzling sunlight of America with its extravagant, gay, soft life—a life that I have loved and still love—I think of those boys over in the Philippines, Americans and Filipinos, living next to death, many of them thousands of miles from home, stripped of every comfort, filthy with sweat and dirt and blood. A very ordinary lot they are to look at, some white-skinned and some brown, but with the stuff that heroes are made of, unflinching, determined for America's sake to stick it out to the end, and if need be to give up their lives for freedom and democracy. We in Corregidor had our tunnel to run to when the shelling got hot or the enemy planes came our way. Those boys on Bataan and the majority on Corregidor have no tunnel. They have only foxholes; and in many cases they just have to stand by their guns and take it. A few get medals; the great majority, just as brave, go out in the dark and are never heard of again.

I have watched them, dripping blood, being carried fresh from action into the hospital to the operating tables, gritting their teeth, never letting a word of complaint escape them. I have watched them going to lonely and dangerous posts at night, unhesitating and taking it all as a matter of course. Their spirit is magnificent. They cannot be beaten.

Or, again, I think of our sailors on and above and under the sea. I remember the little flotilla of gunboats and surface craft, hovering around Corregidor and Bataan, whose crews faced death every time Japanese bombers swept over Corregidor or Japanese shells came screaming across from the Cavite shore. I shall never forget the thrilling battle we watched one afternoon between a destroyer and a group of attacking Japanese airplanes. As the bombers circling overhead each time reached the critical point where they could strike, the destroyer, with its crew gallantly standing alert at their posts, twisted and turned. In spite of the unequal odds it so outguessed and outmaneuvered the Japanese airmen that their bombs missed every time and it was able to make good its escape.

I think of the marines who bear the critical responsibility of guarding the shores and beaches of Corregidor. At their posts on guard behind tangles of barbed wire night and day, cheerfully making the best of impossible living conditions, dependable unto death—never have I seen a body of men of whom America had a right to be more proud.

I think of our men at work in submarines. Do Americans realize what life on a submarine means? In seas closely guarded by Japanese planes and destroyers, all day long you run submerged with the submarine's temperature in those tropical waters ranging between 95° and 100°, so hot that life is a misery. The air by the end of the afternoon gets so foul and stale that you could cut it with a knife. Throughout the day periodically at short intervals you come up to periscope depth and take a careful look around. If a destroyer is sighted down you go precipitately, hoping to heaven he has not seen you; knowing that if he has he will come for you and drop a succession of depth bombs. All the machinery—even the electric fans—must be immediately turned off so that he cannot follow you with his sound-detecting apparatus. You wait in dead silence minute after minute, wondering if this time you will be blown to eternity. If a plane is sighted you must submerge to a great depth, since planes can see down below the surface; and there you wait in silence to find if you have been seen. At the end of a long day when darkness has settled over the world above, you rise to the surface so as to charge the batteries and begin the night's run.

UNITED STATES SUBMARINES STALK ENEMY SHIPS

The first draft of fresh air is as intoxicating as wine. It pulsates through the ship and makes you care about living again. Yet even at night all unnecessary hands must remain below, for the ship must be prepared to dive under the surface within less than a minute if a destroyer or other ship is sighted. Living the life of the lone wolf, fired upon or bombed on sight by either friend or foe, not trying to escape danger but positively seeking it and hunting for enemy ships that will blow you to kingdom come on sight; undergoing this inhuman existence uncomplainingly day after day and week after week—only those who have lived with submarine crews at work can quite know what quiet, unassuming heroism really means.

Does America realize the sacrifice that that gallant little band of soldiers and sailors are making for us? Are Americans prepared to shake off their complacency, to forget their differences and to make corresponding sacrifices in return? We must match their gallantry. No sacrifice on our part of personal comfort or of special interests or privileges or even of life itself can be too great.

I keep wondering whether America realizes the gravity of the job she has undertaken. It is not an easy task to win a war against nations armed as are Germany and Japan. The job is infinitely more difficult when it involves fighting thousands and thousands of miles away from our own shores. I was looking up the distances in the Pacific on the map the other day. From San Francisco to New Zealand is some 5,700 miles and from New Zealand to Sydney in Australia is some 1,300 miles. Seven thousand miles to Sydney! And after you have managed to convoy troops and planes and oil and ammunition and supplies to Australia through 7,000 miles of submarine-infested waters—in a sense the job has only just begun. From

Sydney to Manila is still 4,000 miles, more or less; and from northern Australia on we've got to fight every inch of the way from island to island and from strait to strait against a determined, utterly ruthless, well-equipped enemy who already has gained possession of most of the salient strongholds of the East. No easy task that! And at the same time Germany, armed and organized for war as no country in history has ever been before, implacable, cruel, determined, is in possession of the greater part of Europe and still threatens the whole of Europe. Against such odds can America triumph?

A thousand times yes!

AXIS NATIONS NO MATCH FOR AN AWAKENED AMERICA

The already bleeding Axis Nations can be no match for America provided only the American people awaken to the magnitude of the task they have undertaken and prove themselves ready to make the necessary sacrifices. We must realize that it will cost a heavy toll. We must sacrifice as we have not begun to yet. But I have not the slightest doubt as to what the answer of the American people will be.

Never in our country's entire history have we faced an issue such as that of today. The world can be a place where lust and hate and fury and naked force are given unbridled rein, where every man's hand is against every other man's, where force is paramount and men have to revert to a life of fear, of living in holes in the ground, of savagery. Or, on the other hand, the world can be a place where brute and lustful instincts are restrained by law and organized justice, where Christian virtues are respected and observed, where human rights are protected and mankind can progress to a richer, fuller life.

The Axis countries are out to create the former kind of a world. Their faith is in ruthless force. They fundamentally disbelieve in the brotherhood of man.

America, born of the effort to make men free, dedicated to the struggle for the rights of humanity, cannot waver. The struggle is not one merely of power politics. It is to determine which of the two conflicting kinds of world our children and our children's children shall live in. It is to decide whether humanity shall go forward or must now surrender the gains of past centuries of sacrifice and struggle and revert to barbarism and brute savagery.

It is the greatest issue and the greatest struggle our country ever has faced. Everything we care about hangs upon the outcome. In a cause as high, as holy, as this no sacrifice on our part can be too great. Come on, America. Awake and prove to the world how America, thoroughly aroused, can fight.

America can and will win this war. We shall be returning to Manila and to Corregidor. We shall drive these ruthless barbarians northward beyond the Netherland Indies, beyond Borneo and the Malay States, beyond the Philippines. They are daring, but we shall outdare them and outfight them and bring into eternal discredit the kind of treacherous and lawless and ruthless attack that will go down in history coupled with the name of Japan. America will not rest until this is achieved. Indeed, we must go beyond that.

Those of us who have seen war at white heat can never rest again until some way can be formed to build a peace that will be lasting. That is as much America's job as the winning of the war. And I know that the American people, once having set their minds to the task, will not fail.

APPENDIX J

ADDRESS BY HON. FRANCIS B. SAYRE, UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS, AT THE DINNER OF THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION, WALDORF-ASTORIA HOTEL, NEW YORK CITY, APRIL 23, 1942, AT 10:15 P. M.

Before speaking of Corregidor, as you have asked me to do, I should like to pay a tribute to your own men, the correspondents who have covered the story of the war in the Philippines. They have done a magnificent job. They have written history as it exploded before their eyes. They have carried out the supreme duty of the good reporter under the supreme test; they got the story and they got it in the face of death.

It is still difficult for me to realize that, under the President's direction, I am really back in America and not dreaming on my rough cot in the tunnel on Corregidor.

War against Japan was a cloud on our horizon at Manila which for months we had been watching and planning for. In the summer of 1941 we had mined Manila Harbor; for a long time our Army Intelligence officers had been preparing lists of suspects to be arrested upon the outbreak of war; the movements of American merchant ships had been put under Navy control. Finally, on December 1, we received a message from Washington warning us of the possibility of attack, as a result of which Admiral Hart, General MacArthur, and I met in my office to confer and outline plans. Even then the reality of war seemed hard to believe.

At 4 a. m. on the morning of our December 8 (corresponding to December 7 on the other side of the international date line) I was awakened by the sound of bare feet running down the corridor. Claude Buss, my executive assistant, burst into my bedroom and breathlessly told me of the Japanese attack upon Pearl Harbor. Rousing my staff, we went at once to work. Commonwealth officials had to be notified, press releases given out, constabulary guards posted around the residence compound, and our gates closed to all except those holding passes. I ordered the closing of the Japanese banks. In accordance with carefully worked-out plans some of our staff I put to work filling and piling sandbags to protect our building; others were detailed to procure food and water-storage cans in case of siege; still others were set to work gathering first-aid materials in our splinterproof shelter in the basement. At the end of that memorable day I went down to General MacArthur's headquarters to confer with him over the situation. He told me of the gravity of our position—of the ships that had been lost that morning at Pearl Harbor and of the flying fortresses and planes that had been lost that noon at Clark Field and Iba Field, north of Manila.

The days that followed were crowded with activity. We worked against time, never knowing when Japanese bombs would wipe us

out. We slept in our clothes, up and down those first few nights—three or four times a night because of air-raid warnings. All of our staff who were not living with their families gathered at the residence every evening before dark; we improvised a men's and a women's dormitory of mattresses spread out on the passageway around the court and protected by sandbags; and here we caught what sleep we could against the coming day. Nerves were taut and ears always strained against every noise; exaggerated rumors were rife; yet never have I seen a group of men and women working in more splendid self-control and fine cooperation. It helped one over rough places and was a constant inspiration to work with a staff like that.

Through those crowded days and nights amid a few hopeful and many disheartening reports, one fact became increasingly clear. Japanese troops had landed in large numbers on Lingayen Gulf to the north and also in large numbers to the south; both forces were advancing upon Manila with the evident intention of cracking us. With the Japanese in complete control of the air our own troops were proving unable to check the double advance.

Finally, on Christmas Eve, General MacArthur decided Manila could not be held. He called me on the telephone and said that I, together with President Quezon, must leave within 4 hours for Corregidor, there to set up a temporary seat of government. He agreed to join us on that island fortress the same evening.

That morning the Japanese commenced bombing the port area of Manila, and in between two bombing raids we made our getaway, President Quezon and I, together with our families and staffs, putting off in two small launches from the presidential pier and boarding the *Mayon*, an interisland steamer waiting for us outside the breakwater.

We went to sleep that Christmas Eve in cots jammed end to end along the side of the Corregidor tunnel, with all our possessions in suitcases under our cots. There we lived during the next 2 months, sharing with our American and Filipino troops a memorable life.

It is a privilege to be one of a company of men like that. I have never seen their equal. We had our tunnel to run to when the bombs began to fall or the shells came our way. But the majority of them just had to stand by their guns and take it. They never flinched and they never complained. I've watched them going out to dangerous posts night after night, some of them whistling as if it were all in the day's work. I've seen them carried, torn and bleeding, into the hospital to the operating tables, gritting their teeth and still taking it. Their spirit is magnificent. They cannot be beaten.

A few get medals; the great majority, just as brave, go out in the dark and are never heard of again.

Now, as I step into the dazzling sunlight of America with its gay, soft life—a life that I have loved and still love—I think of those boys over in the Philippines, Americans and Filipinos, living next to death. Corregidor and America are two different worlds, and the contrast is almost shocking.

Yet I know I speak truly when I say that the American people are not indifferent or apathetic. They care, and they care tremendously. But what can they do? I believe all America is asking that question. What can we who are not in uniform do?

First, we must realize that the war is being fought on two separate fronts—the battle front on the other side of the world and the produc-

tion front back home. Each is of equal importance. No matter how magnificent their spirit, men can't win without planes and guns and ships and war supplies. Because we lacked sufficient planes and fighting material in the war areas our best fighters were powerless to stop the Japanese sweeping southward from Lingayen Gulf to Manila. The hardest thing our men had to face was not savage hand-to-hand fighting with fanatical Japanese, not even planned mass attacks at critical points, but the helpless feeling of watching oncoming waves of Japanese bombers in the sky with no American planes to oppose them—having to stand by one's guns and just take it, utterly unable to fight back.

One of the most tragic sights I have ever witnessed was the bombing of Cavite a few days after the outbreak of the war. Cavite was the old Spanish naval base which America had taken over in 1898 and had converted into a modern naval base with repair shops, ammunition stores, and oil supplies, a very vital link in our naval defense in the Far East. From the terrace of our residence one noontime we watched the Japanese planes come sweeping over Manila above us and then on across the bay to Cavite. Shining in the sun, in perfect V formation, with slow deliberation they circled over Cavite and then dropped their bombs. Following the roar of explosions, great clouds of smoke and later leaping flame rose over the inferno. Cavite was wiped off the map. That afternoon small boatloads of mutilated human bodies came across the bay and landed their dreadful cargoes to be taken to Sternberg Hospital in Manila. All night flames lit up the sky above Cavite and even next day the fires still raged. Because of our lack of planes, Cavite was left a shambles and a gaping ruin.

Wars these days are won or lost by what happens on the production front quite as much as by what happens on the battle front. Fighting on the production front is probably the more difficult job of the two. It is less romantic and requires even more tenacity and ingenuity and brains and grit. Upon victory or defeat on the production front will ultimately hang the winning or losing of the war.

The wheels of war production are turning in America, but we must get them turning faster. Time is of the essence. A plane today may be worth 10 planes next year. We must drive production more furiously.

Surely, America will not fail her boys at the front. We are engaged today in a grim struggle, far more difficult than any previous war in which we have taken part. It will not be an easy victory. The power of evil arrayed against us is stupendous. Never before in our history have we had to fight on so many fronts at once and so far away from home. It will demand sacrifices such as America has not yet even begun to make.

America must awake to the grimness of the struggle. We must learn to forget our differences—to unite all our forces in the great common cause.

I remember at Corregidor, as we hung over the radio at the tunnel entrance, hungry to hear encouraging news from home that would mean the sending of help—I remember more than once how heartsick we were over news of this plant or that falling down in its production. We were not procapital or prolabor, closed-shop or open-shop men. We were but soldiers at the front trying to defend our countrymen, with our lives at stake and forfeit if our countrymen failed us.

If we, back home, win on the production front, there is not the slightest question about ultimate victory. We shall have discouragements. We shall have reverses. But final victory will be sure. I know whereof I speak. I have seen our boys fighting. Given anything like equal chances they outfight the Japanese at every turn.

In the second place, we must remember that we are fighting not merely to win a struggle, but to establish a world where our children can live in peace and security under law. The real objective for which we are fighting is a world of freedom and democracy. We can have such a world only if we find the way to build a peace that will be lasting.

That is as difficult a job as the winning of the war. And it is also as necessary if we are to obtain the objectives for which we are fighting. If we lose the peace our military victory will turn to dust and ashes.

To find the way will demand months of hard work and study and planning—before the making of the peace treaty. For instance, after we have won the war, are we going to allow individual nations at will again to build up gigantic armaments, and thus compel other nations against their desire to divert money vitally necessary for economic development and other peaceful needs into competitive armament building? Are we going to leave every small nation to the mercy of the gunmen and the freebooters? If not, how practically can the world be made safe for the peace-loving? How practically are we going to make the earth's raw materials accessible to peoples who need them? How practically can we keep open and unchoked the avenues of international trade upon which the standards of living of every industrial people vitally and inescapably depend? How practically can we prevent unfair commercial practices and trade discriminations which lead the way directly to the final crash of war?

We cannot successfully build a peace that will be lasting until these and a host of similar knotty problems have been studied and thought through by competent experts and economists. But this is not enough. The solutions reached by experts will be valueless unless backed by a true understanding of the real issues by an informed public opinion.

You have probably a more vital part than any other group in the making and in forming of that opinion. This will take time. The issues are complex and obscured by much emotional prejudice. If we wait until after the war is won, it will be too late. That work must begin now. And yours in large part is that responsibility.

APPENDIX K

ADDRESS BY HON. FRANCIS B. SAYRE, UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS, AT THE THIRTIETH ANNUAL MEETING OF THE UNITED STATES CHAMBER OF COMMERCE, STEVENS HOTEL, CHICAGO, ILL., ON THURSDAY EVENING, APRIL 30, 1942, AT 9:15 P. M.

CORREGIDOR—AND AFTER

I feel highly honored to be the guest tonight of the United States Chamber of Commerce. I see many of the faces of my friends around me—men whom I have known in past years; and it is good to be back among you again. It is still difficult for me to realize that, under the President's direction, I am really back in America and not dreaming on my rough cot in the tunnel on Corregidor.

War against Japan was a cloud on our horizon at Manila which for months we had been watching and planning for. In the summer of 1941 we had mined Manila Harbor; for a long time our Army Intelligence officers had been preparing lists of suspects to be arrested upon the outbreak of war; the movements of American merchant ships had been put under Navy control. Finally, on December 1 we received a message from Washington warning us of the possibility of attack, as a result of which Admiral Hart, General MacArthur, and I met in my office to confer and outline plans. Even then the reality of war seemed hard to believe.

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The days that followed were crowded with activity. We worked against time, never knowing when Japanese bombs would wipe us out. We slept in our clothes, up and down those first few nights three or four times a night because of air-raid warnings. All of our staff who were not living with their families gathered at the residence every

evening before dark; we improvised a men's and a women's dormitory of mattresses spread out on the passageway around the court and protected by sandbags; and here we caught what sleep we could against the coming day. Nerves were taut and ears always strained against every noise; exaggerated rumors were rife; yet never have I seen a group of men and women working in more splendid self-control and fine cooperation. It helped one over rough places and was a constant inspiration to work with a staff like that.

Through those crowded days and nights amid a few hopeful and many disheartening reports, one fact became increasingly clear. Japanese troops had landed in large numbers on Lingayen Gulf to the north and also in large numbers to the south; both forces were advancing upon Manila with the evident intention of cracking us. With the Japanese in complete control of the air our own troops were proving unable to check the double advance.

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We went to sleep that Christmas Eve in cots jammed end to end along the side of the Corregidor tunnel, with all our possessions in suitcases under our cots. Life had been reduced to the elemental. There we lived during the next 2 months, sharing with our American and Filipino troops a memorable life.

It is a privilege to be one of a company of men like that. I have never seen their equal. We had our tunnel to run to when the bombs began to fall or the shells came our way. But the majority of them just had to stand by their guns and take it. They never flinched and they never complained. I've watched them going out to dangerous posts night after night, some of them whistling as if it were all in the day's work. I've seen them carried, torn and bleeding, into the hospital to the operating tables, gritting their teeth and still taking it. The hardest thing they had to face was not savage hand-to-hand fighting with fanatical Japanese, not even planned mass attacks at critical points, but the helpless feeling of watching oncoming waves of Japanese bombers in the sky with no American planes to oppose them—having to stand by one's guns and just take it, utterly unable to fight back.

Give them anything like an equal chance and they outfight the Japanese at every turn. Once we manage to get to them adequate equipment and armament, such as I have seen being developed in this country, I promise you there will be no question as to the outcome. Their spirit is magnificent. They cannot be beaten.

A few get medals; the great majority, just as brave, go out in the dark and are never heard of again.

America has a right to be proud of her soldiers, American and Filipino, and of her sailors, too. I think of our men at work in submarines. Do Americans realize what life on a submarine means?

In seas closely guarded by Japanese planes and destroyers, all day long you run submerged with the submarine's temperature in those tropical waters ranging between 95° and 100°, so hot that life is a misery. The air by the end of the afternoon gets so foul and stale that you could cut it with a knife. Throughout the day periodically at short intervals you come up to periscope depth and take a careful look around. If a destroyer is sighted down you go precipitately, hoping to heaven he has not seen you; knowing that if he has he will come for you and drop a succession of depth bombs. All the machinery—even the electric fans—must be immediately turned off so that he cannot follow you with his sound-detecting apparatus. You wait in dead silence minute after minute, wondering if this time you will be blown to eternity. If a plane is sighted you must submerge to a great depth, since planes can see down below the surface; and there you wait in silence to find if you have been seen. At the end of a long day when darkness has settled over the world above, you rise to the surface so as to charge the batteries and begin the night's run.

The first draft of fresh air is as intoxicating as wine. It pulsates through the ship and makes you care about living again. Yet even at night all unnecessary hands must remain below, for the ship must be prepared to dive under the surface within less than a minute if a destroyer or other ship is sighted. Living the life of the lone wolf, fired upon or bombed on sight by either friend or foe, not trying to escape danger but positively seeking it and hunting for enemy ships that will blow you to kingdom come on sight; undergoing this inhuman existence uncomplainingly day after day and week after week—only those who have lived with submarine crews at work can quite know what quiet, unassuming heroism really means.

Does America fully realize the sacrifice that that gallant band of soldiers and sailors are making for us?

How does all this affect you, members of the United States Chamber of Commerce?

Very vitally, it seems to me.

Our country is engaged in the most terrific and stupendous struggle of her history—a fight literally to the death. All that America has sacrificed and struggled for in the past is at stake. All that is most precious to us in life is at stake. Our future hangs in the balance.

Our Government is now engaged upon the monumental task of harnessing the Nation for this titanic struggle. Surely at such a crisis all America must pull together. In the face of such an issue there is no room for disunity or divided counsels. In this grim struggle all America is one.

I do not mean that there must be no criticism. Healthy criticism is the life blood of every democracy. But criticism must be constructive. In the carrying out of a work as gigantic as this, of course there will be mistakes, errors of judgment, inefficiencies. But that is part of the experience of war. Of course, there will be differences of opinion. Everyone will want to fight the war according to his own ideas. But the men in the trenches can't wait until issues are debated and ironed out over the country. We must go forward. We must leave the strategy of war preparation and war planning to our experts, military and civilian. We must let them who know the facts make the decisions. Then we must solidly back those decisions. That is the only

way to win. It is the only way for America to prove that democracy can wage war more successfully than dictatorship.

You, business leaders, can play a vital role in solidly uniting America. The essential function of the United States Chamber of Commerce is to unite and unify American business groups. Now, as never before, America charges you with that responsibility. Capital and labor, Republicans and Democrats, New Dealers and anti-New Dealers, rich and poor, Catholic and Protestant, black and white—all of us are Americans—and all of us, determined to pull in harness together, are going to win this war.

I wish I had the gift of language—could make you see the realities of actual war as vividly as I do. For soft, comfortable America still seems to me like a dream, and Corregidor the reality. Those boys over on the front line—they represent, I suspect, the real soul of America.

Let me read to you a part of a letter written by a young American soldier on Bataan to his mother.

I am proud to be a part of the fight that is being made here—

he wrote:

and I would not, even if it were possible, leave here until it is over, and we have won as we inevitably will. I have seen some horrible things happen, and have had my share of narrow escapes, but I have also seen some wonderful acts of courage, self-sacrifice, and loyalty. At last I have found what I have searched for all my life—a cause and a job in which I can lose myself completely and to which I can give every ounce of my strength and my mind. And I have mentally and spiritually conquered my fear of death * * *.

Should anything happen to me here, it will not be like closing a book in the middle as it would have been had I been killed in the first few days of the war. For in the last 2 months I have done a lifetime's living, and have been a part of one of the most unselfish, cooperative efforts that has ever been made by any group of individuals.

Those boys who are living on the front line, close to death, with their minds prepared any day willingly to make the supreme sacrifice, sense realities. The suffering and the agony amid which we lived on the front line must inevitably come also to all the people of the world unless the forces of righteousness organize themselves, first to combat and overthrow the forces of evil, and, second, after such defeat, to set up an order which will make a repetition of the present tragedy and catastrophe forever impossible. That is a backbreaking labor of infinite difficulty; but unless it is achieved our civilization cannot survive and man must revert to the level or below the level of the beast. The inspiring fact is that it can be achieved. And the democratic nations of the earth can achieve it.

To win the war we must unite the peoples of the world by a program based upon human brotherhood. No other kind of a program will rally and sustain our forces. We must make it clear that we are fighting, not merely for American rights or English rights or Russian rights or Chinese rights, but for the rights of all mankind.

Such a program involves very concrete issues. In the economic field, we must give up many of our pre-war prejudices and practices. Let us be frank. Whether we win or whether we lose we shall never return to the world of the 1930's. If our objective were merely a return to that world, with its deepening poverty in the face of gigantic, unsalable surpluses, its vast and growing unemployment, its bitter economic warfare and cruelly unfair discriminations among the peoples

of the world—if that were our objective, humanity could have but little heart for the fight.

Our experience of the 1930's has made certain facts indisputably clear. We have learned that no industrial nation today can possibly carry on without a very large volume of exports and imports. Hitler did his best to achieve German self-sufficiency, but even he was finally forced to cry out "Germany must export or die." Industrial nations must trade to survive. Through poignant suffering we learned that accumulating trade barriers choking and strangling international trade spelled mounting unemployment and lengthening bread lines and deepening international hostility. No serious statesman in this day and generation advocates the complete elimination of all tariff walls. But responsible statesmen do advocate—and if we are to win the objectives for which the democracies are fighting they must insist upon—the elimination after the war of those unconscionable trade barriers which inescapably choke the flow of international trade and as a result substantially depress the standard of living of entire peoples. The pre-war system of mounting and excessive tariffs, of quota restrictions, of artificial exchange controls, of government monopolies, of bilateralistic trading arrangements—the whole economic panoply of fighting devices to enforce some form or other of special privilege or unfair discrimination—all these must go if our criterion is to be, not the private profit of small pressure groups buttressed with political power, but the welfare and the advancement of humanity. We must insist upon the enjoyment by all states, great and small, victor and vanquished, of access on equal terms to the trade and to the raw materials of the world which are needed for their economic prosperity.

America has a right to look to you, leaders of business and of trade in your chosen fields, to bring home to the American people a true understanding of the real issues and to create and mold a public demand for the realization of this objective.

We must find the means to unshackle international trade or else perish. Believe me, there is no other possible way to advance or even to maintain existing standards of living—no other possible way to build a peace that will last.

Our program must go far beyond even this. In early days men fought with clubs and knives and bows and arrows. These could be quickly fashioned and a nation could in large part prepare its defense after an attack had been launched. But today we live in a machine age. War is waged with mechanized devices—tanks and flying fortresses and intricately planned battleships, which take months or years to build and cost a king's ransom. A nation unarmed with the latest mechanized devices is at the mercy of one so armed; for its factories and producing centers can be bombed and smashed by the other long before it can organize its production on a scale sufficient for defense.

It is clear as crystal that in these days of heavy mechanized equipment peace cannot be won by mere good will or the ardent desire for peace. It cannot be won by appeasement. Peace can be won only if the peace-loving make themselves secure against attack. And the only practical means of doing this under the conditions of modern life is through some form of international control to prevent nations at will and for their own selfish purposes from building up excessive armaments. After these have once been created it is too late for any form of restraint to be effective. International control must step in

before the armament is built. Had this been the case during the past 10 years Germany and Japan would never have gone to war. The achievement of such an objective raises profound and complex problems. But these are not insoluble. We must and we will find the way to solve them.

The experience of the last 20 years has burned deep into our souls. We know now that no nation can live unto itself alone. The old nineteenth century concept of separate, watertight, national sovereignties, utterly independent each of the other, has broken down under the conditions of our twentieth century world. If we are to prevent a repetition of the present world tragedy, we must learn the way of cooperation and organized collective effort. There is no other way.

A civilization based upon nothing but naked force cannot endure. Our present world proves that. The Axis nations have shown again and again that they care nothing for humanity. They do not believe in human brotherhood. They are fighting to establish themselves as master races of the world in order to enslave and exploit all other peoples. The world they envisage is a world of nationalism, of self-seeking isolationism, run riot—every nation pitted against every other in a bloody struggle to determine which, by unbridled force, can smash and victimize the others.

Isn't it obvious that no lasting peace and no civilization can possibly be built upon such a foundation? That is the way of self-destruction and chaos.

The present struggle is one to determine whether the world of our children and our children's children will be built upon naked force or human brotherhood. All that America has struggled for during these past 150 years, all that humanity has sacrificed and bled for since civilization began, is at stake. It is the most momentous issue which America has ever faced.

We back here in America cannot fail those boys, living with death, on Corregidor and on our other fronts. Many of them have already made the supreme sacrifice for us. And they are calling to us not to allow that sacrifice to be in vain.

Come on, America! Forget your differences and your divisions! Get back of the boys at the front and show Germany and Japan what a solidly united America can do! Give up your old-time prejudices. Make irresistible the movement for a new world—a world in which people's standards of living will not be depressed by unconscionable trade restrictions—in which international gunmen shall not be allowed to loot at will.

All humanity with hope is listening for America. And there is no question as to America's reply. It is the same as that which thrilled the world in 1776. I can hear the sound of an oncoming host, 130,000,000 strong. The cause of right and of justice and of human freedom once again marches forward.

APPENDIX L

COMMENCEMENT ADDRESS BY HON. FRANCIS B. SAYRE, AT BUCKNELL UNIVERSITY, LEWISBURG, PA., SATURDAY AFTERNOON, MAY 23, 1942

THE TASK AHEAD

I want to speak to you quite simply this morning about the job before you in the stirring and critical days that lie ahead.

We are living in what has been aptly called an age of science. Our daily lives are built upon marvelous scientific discoveries and inventions. Our progress has been made possible, if not inevitable, by the so-called scientific spirit—the objective, fearless, consecrated search for truth and reality on the part of scientists which has been carried on for centuries. From the time when everyone believed the earth was flat and that the sun moved in an orbit around the earth, down through the days of Copernicus and Gallileo and Newton and Einstein, the scientific spirit has led men on, objectively seeking what was true regardless of where it might lead them and rejecting what experience proved to be false, relentlessly and persistently seeking to know the realities of the universe as the foundation for future achievement and new scientific progress. Power has come through finding basic truth and building upon that truth.

No social or economic or political institution can be enduring unless it is built on what is true and what is real. Each generation must make its own decisions as to what is basically true and what is basically false, and upon these decisions will depend the lasting worth or the futility of its work. Will your generation, for instance, as we do, judge democracy as a true and sound foundation upon which to build your political institutions or will you regard democracy as an out-lived fallacy that leads to futility and ultimate disaster?

No human life can be thoroughly happy or satisfying if it is built on sham or on untrue assumptions. Every boy and girl here this morning will find life a mockery and make of it a miserable failure unless he or she finds truth upon which to build. So that although it may sound pretty abstract, in fact it is a vitally intimate and personal and profoundly important matter that I want to talk about with you this morning.

You are graduating at a time unparalleled in human history. Old faiths, old beliefs, old institutions are under determined fire. The fundamentals upon which we built our civilization—the sacredness of family life, the sanctity of the pledged word, the inviolability of each individual life, many of our anciently accepted moralities—are being discarded in important areas of the world as outworn and false. Whole nations are losing their faith and wondering which way to turn. If ever there was a time when men need to know what is true and what is real, it is now.

A certain amount of doubt and even destruction is healthy. You can't build a new world without clearing away the false beliefs and

superstitions and hypocrisies of the old. The new world will prove only a disillusionment unless you build on foundations of truth and reality. You must get away from cant and sham and shallow make-believe and discover for yourselves what is profoundly real.

What have we of the older generation on a day like this to say to you, crossing the threshold from cloistered student days into the hurly-burly of life? What of truth and reality have we ourselves discovered? Have we precious secrets of experience which we can pass onto you who will soon be crowding us off the stage?

Rather an appalling question. And yet, one which I think you have a right to put to us, and a right, too, to insist upon an answer.

In all honesty and in all sincerity, let me humbly attempt an abbreviated answer.

In the first place, one of the profound realities of life, not perhaps apparent to casual onlookers or to most of those who stand only upon life's threshold, is the utter interdependence of human beings.

To the schoolboy, himself is the most important thing in life. How could it be otherwise? From birth himself has been the end and aim of his parents, his teachers, his small world. He dreams of his career, of his life—self-sufficient and self-contained. What he does not comprehend until he has actually plunged into the thick of the struggle is that his life and his career cannot be fenced off from others, as though something apart—that what he makes of himself will be utterly dependent upon other people's actions and relationships toward him, that his own life cannot be even to him rich and full and happy except as he gives himself to the service of others. If he wants to experience kindness and taste the full joy of life he must learn to relate his life to that of other people. No man can live unto himself alone. The worth of a man's life depends upon the effects he produces upon other men, and the character of his life largely depends upon the effects they produce upon him.

In our corporate social life we come to realize even more strikingly this same inescapable human interdependence. Men used to think that city slums and squalid unhygienic tenements and red-light districts were none of their business. But the increase of fire hazards and the outbreak of epidemics and the spread of social disease have taught us through hard experience the reality of the interdependence of human beings. Mill owners used to think that less-than-living wages and child labor and industrial diseases on the part of the workers were none of their business. Now we have discovered, again through hard experience, the price we have to pay, hardened and antisocial lives, increased crime, industrial unrest, labor violence, lessened economic productivity and output. You can't get away from this basic truth of the interdependence of human beings.

We have been building up a capitalist system based fundamentally upon forcing down to a minimum through relentless competition the wages of the individual worker. It all seemed simple. The less the worker's wage, the greater the profit for the mill owner. But now economists are beginning to realize that if we force down the wages of the Nation's workers to the poverty level or below there will be insufficient purchasing power among them to buy enough consumers' goods to keep the wheels of industry turning. Through hard experience again we learn the profound reality of the universal interdependence of human beings. No man can live unto himself alone.

If that is true of separate human beings, it is infinitely more true of nations, which are simply collections of human beings. No nation today can surround itself with a Chinese Wall and live a hermit existence. The old conception that each nation is and should be completely independent of every other and may freely formulate its own policies and take such action as it chooses utterly regardless of every other nation—that conception was developed in a day when ocean transportation was by sailing ship and there were no cables or radios. That conception is today, under twentieth-century conditions, obsolete and profoundly untrue. Our modern radios and airplanes and swift ocean transportations have so closely knit together the peoples of the world that life in every country is the direct resultant of life in every other.

There are still men living in the ideas of the past who refuse to believe that. They would have America in some way live selfishly apart from all the rest of the world. But you can't set the hands of the clock backward. We are living in the twentieth century. The experience of the past year proves beyond cavil that neither America nor any other nation can possibly live unto itself alone.

An unconscionable tariff wall or an unfair discrimination instituted by some government, perhaps on the other side of the world, may cut a whole nation off from its accustomed overseas markets and bring to its people lengthening bread lines and industrial revolution. A Germany's or a Japan's decision to throw every national resource into armament building may compel a competitive armament race that will end in disaster for the innocent as well as for the guilty. America today is compelled quite against her will to turn aside from the pursuits of peace, to undergo the convulsion and tragedy of war, to send her men and ships and planes across the seas—because of what happened in the past 10 years in Manchuria, in Ethiopia, in Munich, in Austria, in Czechoslovakia, in Poland, in Norway, in China, in Indochina, and elsewhere in Europe and Asia. Was there ever a more terrible object lesson set before our eyes of the utter incongruity of the thesis of national isolationism with the reality of the profound interdependence of human beings?

You see what I mean. Human interdependence is one of the basic realities of the universe. Many never come to realize it and many ignore it. But nevertheless it is one of the inescapable facts of life; and sooner or later, with the inevitability of the movement of a Greek tragedy, every policy which ignores it and every institution built upon a contrary foundation will crash to pieces in utter ruin. There is one basic truth taken out of our own life's experience which we of an older generation would like to pass on to you.

May I mention in briefest terms one or two other such basic truths? One is the futility of material force as the source of ultimate power. I suppose the most common and prevalent belief among those who have not tasted deeply of life's experience is that the source of maximum power lies in material force. Compel a man by brute force to work your will and you build up power. But what is often forgotten is that the forcing of others to act against their will builds up a counterforce which eventually explodes. Physical force has its uses; resort to it sometimes becomes necessary as a temporary expedient, as in cases of self-defense. But in the long view the secret of maximum power lies

in the winning of men's wills and desires; and that cannot be done through physical force. Once you win over men's wills their physical force becomes permanently massed on your side. Do you remember in those grim August days of 1914 how the heroic little Belgian Army stood squarely athwart the oncoming endless hordes of German gray-green troops? Pathetic, it seemed, this chimerical attempt of a tiny army to withstand the most magnificent armament the world had ever seen. Yet when the peace treaty of 1919 came to be signed, there stood Belgium on the winning side, and there lay Germany crushed, in spite of, nay, by very reason of, her one-time seemingly invincible physical power. Was ever there a more terrible example of the ultimate futility of merely physical force?

Belgium in 1919 was on the winning side because she chose to fight for human rights and thereby won humanity to her side. Belgium when the present war ends will again be on the winning side. For Nazi Germany fights not for humanity, but for the selfish advancement of a small and selfish group of Nazi politicians, at whatever cost to humanity. That is why Germany never can win allies who are staunch and true. The nations who fight genuinely for humanity are bound to win in the long last, for humanity cannot tolerate any other outcome.

If you want to build maximum power, create faith in soul-stirring ideals. The greatness and power of America were generated by her faith in the ideals of individual freedom and democracy—a faith so vital that Americans were ready to die for them. The only thing that can defeat America today is the loss of this vitalizing faith. Once western civilization comes to believe that everything in the world is determined by a mere physical chain of events which can be manipulated by man's cunning or might, it has signed its own death warrant. Any life, or any policy, or any institution, or any nation based upon belief in the ultimate supremacy of material above spiritual force is bound to crash to ruin because it flies in the face of one of life's profound realities.

In the search for reality we of the older generation have discovered still another basic truth. It pertains to the finding of happiness. Every schoolboy and every schoolgirl, every man and every woman, wants to find the pathway to happiness. Very curiously, each young person assumes with unquestioning confidence that he knows the way, and strikes out with ardor to reach the goal—through acquisition of possessions and through self-seeking. Years later men learn through tears and sweat and blood that these bring not lasting happiness but disillusionment and frustration—that the pathway to happiness lies in precisely the opposite direction—through giving and through self-sacrifice. Happiness is a by-product that seldom comes when consciously sought. The supremely happy ones are those who lose themselves in some great cause to which they consecrate their lives—the David Livingstones renouncing everything to bury their lives in the wilds of Africa, the Wilfred Grenfells sacrificing brilliant careers to give themselves to a people in dire need, the countless nameless heroes, struggling perhaps in unromantic and humble surroundings against heavy odds to serve and to heal.

To your generation this is a point on which I need not dwell. Your country is calling upon you for self-sacrifice in terms such as we older generations never knew. You will go forth in the service of your

country with willing spirits and glad hearts. You will experience suffering such as few generations have been called upon to bear. But if you accept the suffering in terms of glad service to your country, as I am sure you will, you will find in life a profound new joy and inner happiness, denied to those who have never suffered. Disillusionment and cynicism will be replaced by a new faith and hope which will tinge with inner joy even outwardly bitter experience.

I know whereof I speak. I have lived with our soldiers on the front line at Corregidor. I have seen them when all the earth was rocking with exploding bombs and shells, standing by their guns and taking it with a smile on their faces. I have seen them, torn and mutilated, being carried in to the operating tables on blood-soaked stretchers, still taking it, with a certain pride and joy that they could have such a vital share in the service of their country.

Here is what one young officer wrote to his mother:

I am proud to be a part of the fight that is being made here; and I would not, even if it were possible, leave here until it is over and we have won as we inevitably will. I have seen some horrible things happen, and have had my share of narrow escapes, but I have also seen some wonderful acts of courage, self-sacrifice, and loyalty. At last I have found what I have searched for all my life—a cause and a job in which I can lose myself completely and to which I can give every ounce of my strength and my mind. And I have mentally and spiritually conquered my fear of death * * *.

Should anything happen to me here, it will not be like closing a book in the middle as it would have been had I been killed in the first few days of the war. For in the last 2 months I have done a lifetime's living, and have been a part of one of the most unselfish, cooperative efforts that has ever been made by any group of individuals.

As each of you will gradually come to realize, happiness depends very little upon the length or brevity of life's span. It is the quality of life that counts, and that depends on whether you devote your life to the service of self or others. Of all people on earth the wretchedly unhappy ones are the greedy and the self-seeking. The radiant ones are those who give their all to a cause.

Here, then, are three profound facts of life which we of an older generation have found to be part of the great reality of the universe. Yours will be a generation of builders; for the war which is now raging around us is a consuming fire which is destroying not only the physical monuments and wealth of our civilization but also very many of our political and social institutions, our beliefs and our ideals. You come onto the scene amid many blackened ruins to build a new world. Upon what foundations are you going to build? If ever there was a need of searching for and coming to know reality, so that your architecture can be more enduring than that of former builders, it is now.

How are you going to discover and know reality? That is one of the supreme problems of life. There is no easy or simple way. Your coming to know what is reality and what is sham must flow out of growing experience, wisely interpreted and carefully weighed.

Yet there is, I think, one very practical and real help to which you can turn. The striking identity between life's basic realities as they come to be illumined by long experience and the fundamental teachings of Jesus Christ is thrillingly suggestive. The reality of the utter interdependence of human beings—the almost pathetic dependence of one upon the other—is not that the very core of what Christ taught of human brotherhood? The futility of material force as the ultimate

source of maximum power—is not that the very essence of Christ's teaching of the power of love—that love is the single foundation upon which a really stable society can be built? That happiness comes not through acquisition and self-seeking but through giving and self-sacrifice—is not this the substance of Christ's words echoing down the ages: "He that findeth his life shall lose it; and he that loseth his life for my sake shall find it"?

That strange figure of nineteen hundred years ago seemed to sum up the deep realities of life as no one else has ever done. His young life was snuffed out centuries ago in a byway of the world, forgotten except for Him. Yet His life, the very negation of material force, has upset kingdoms and changed the face of the world as no other before or since. Somehow He understood the source of power, somehow He understood life's realities, as no one else. He is often pictured as an impractical dreamer, an idealist ignorant of the cold realities of life. That is profoundly untrue. He was the most practical realist that the world has ever known. Nineteen centuries of human experience prove that lives and institutions built on His teaching bear infinite fruit and those built on an opposing philosophy prove ultimately self-defeating and perish. Surely no one need point out today that the cause of the present world breakdown and tragedy is failure to build on the fundamentals taught by Christ.

If, then, you, future builders, want to learn reality, the most practical way I know is to turn back to Christ—not to the distorted and often misshapen images men have made of Him, but to the flaming master realist that actually lived and lives, in love with life and with humanity. Live with Him and learn of Him.

Thus you will come to understand life. With understanding will come mastery and a sense of joy that no man can take from you.

You are graduating from college at a time when somber shadows overhang the world. But do not let yourselves become dismayed. You are entering upon life's work at a thrilling time. You will be builders and creators of a new world. Joy should be yours. In these days of apparent gloom I often think of the words of Fra Giovanni, written in the turbulent days of 1513. May I close with his words, which are worth remembering all through your lives:

No Heaven can come to us unless our hearts find rest in it today. Take Heaven! No peace lies in the future which is not hidden in this present little instant. Take peace!

The gloom of the world is but a shadow. Behind it, yet within our reach, is joy. There is radiance and glory in the darkness, could we but see; and to see, we have only to look * * *

Life is so generous a giver, but we, judging its gifts by their covering, cast them away as ugly or heavy or hard. Remove the covering, and you will find beneath it a living splendor, woven of love, by wisdom, with power. Welcome it, grasp it, and you touch the angel's hand that brings it to you. Everything we call a trial, a sorrow, or a duty, believe me, that angel's hand is there, the gift is there, and the wonder of an overshadowing Presence. Our joys, too, be not content with them as joys. They, too, conceal diviner gifts.

Life is so full of meaning and of purpose, so full of beauty—beneath its covering—that you will find that earth but cloaks your heaven. Courage, then, to claim it.

APPENDIX M

ADDRESS BY THE HONORABLE FRANCIS B. SAYRE, UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS, BEFORE THE BOSTON CHAMBER OF COMMERCE ON THURSDAY, JUNE 25, 1942, AT 1 O'CLOCK

I feel honored and happy to be here today, honored to be the guest of this great and influential chamber of commerce, and happy to be back again in Boston where I spent many of the best years of my life. It is good to look around and see the faces of many old friends, men whom I have known and worked with and admired these many years. Often lying under the stars at Corregidor my thoughts would go back to the old days, to Boston and Cambridge and the Cape. What millions of miles away they seemed.

Out in the Far East all through the summer and autumn months of 1941 we had kept a close watch upon the darkening horizon. One could sense the coming storm in the increasingly rigid trade restrictions which we were forced to impose. Practically unrestricted exports were moving from the United States into the Philippines; and there was a growing danger that belligerents would try to drain away the Philippine reservoir of goods. To the High Commissioner fell the task of restricting the export of war and other materials from the Philippines. Up until the outbreak of the war between Russia and Germany we had to keep a watchful eye open to prevent exports going from the Philippines to Shanghai or Japan, destined for transshipment across Siberia into Germany. After this gap had been closed, our efforts were increasingly directed toward preventing shipments to Japan, occupied China, Indochina, and Thailand which might assist or strengthen Japan in her war effort.

In the summer of 1941 we markedly tightened our control by greatly extending the lists of exports from the Philippines for which licenses were required so as to include most goods. In addition, licenses were required for most financial transactions covering overseas shipments except to friendly destinations. Except with reference to such countries no payments for exports or imports, no transfer of funds or securities abroad, no banking transactions based upon foreign overseas shipments, were permitted without license. By this means we exercised almost unlimited power over exports; and each succeeding week under instructions from Washington we clamped down tighter upon commerce with Japan.

Coupled with the shortage of shipping on all trade routes, the curtailment of exports of Philippine goods, such as iron ore and copra, to Axis countries, of course, worked hardship to Philippine producers accustomed to ship to those markets. It meant the sacrifice of individual profit—and in some cases large profit—for the common good.

We explained to business and commercial groups, singly and collectively, why we had to take these measures. I want to pay a tribute to those businessmen of Manila. They were game. They coopera-

ted 100 percent. I even remember speaking to a large public gathering of them in late September, outlining to them what we were doing and planning to do, telling them that we would turn the screws still tighter, and they would suffer still more—and they actually applauded me.

Those American businessmen of Manila have the spirit. When someone was in trouble, down they would dig into their trousers' pockets and meet the need, almost before the request was made. They are generous to a degree. The majority of them are today interned at Santo Tomas University in Manila. They deserve our unyielding support; and I know that America will send them in generous measure the help they need. Let me add that active negotiations by the Red Cross are now in progress to make possible the sending of an American relief ship to Manila with food and medicine; and I hope for the speedy consummation of these negotiations.

On December 1 we received a message from Washington warning us of the possibility of attack. That afternoon Admiral Hart, General MacArthur, and I met in my office to confer over the situation. Even then the reality of war seemed hard to believe.

At 4 a. m. on the morning of December 8—corresponding to December 7 on the other side of the international date line—I was awakened by the sound of bare feet running down the corridor leading to my bedroom. Claude Buss, my executive assistant, burst in and breathlessly told me of the attack upon Pearl Harbor. Jumping into my clothes, I called my staff from their beds and immediately we set to work. Notices had to be issued, Commonwealth officials notified, the gates of our residence closed to all except those holding passes, constabulary guards summoned and posted around the residence. We closed the Japanese banks. Some of my staff set to work filling and piling sandbags, which we had purchased the previous spring; others were detailed to procure food and water cans in case of siege; still others set to work making ready in our splinterproof shelter in the basement the first-aid materials which we had gathered months before in case of need. At the end of that unforgettable day I went down to General MacArthur's headquarters to confer with him over the situation. He told me of the gravity of our position—of the ships that had been lost that morning at Pearl Harbor and of the Flying Fortresses and planes that had been lost that noon at Clark Field and Iba Field, north of Manila.

The days that followed were crowded with activity. We worked against time, never knowing when Japanese bombs would wipe us out. We slept in our clothes—up and down—those first few nights because of air-raid warnings three and four times a night.

The Japanese gained almost at the outset complete control of the air so that they could bomb Manila at will; their control of the sea surrounding us was almost as complete. Our shipping lines were cut; all our mail and air-mail communication ceased; we were beleaguered and cut off from the outside world except for radio.

We found that we could always count on the support and backing of the business groups whenever we needed help. They never failed us. They worked tirelessly on committees and subcommittees which continued functioning in spite of air raids and bombings.

A few days before Christmas I received a radio from the President empowering and instructing me to take over valuables, bank secur-

ities, currency and gold and, if in my judgment necessary, to destroy these to prevent their falling into Japanese hands. I drafted the services of bank officials and others to help; and during those last few days before Manila fell we gathered in millions and millions of dollars worth of securities and other valuables. Commonwealth Government officials gave splendid assistance and cooperation.

On the morning of December 24 I received an urgent telephone call from General MacArthur, saying that the Japanese were closing in around Manila and insisting that President Quezon and myself go to Corregidor and make it the temporary seat of government. He stated that he would join us on that island fortress the same evening.

We went to sleep that Christmas Eve in cots jammed end to end along the side of Malinta Tunnel, on Corregidor, with all our possessions in suitcases under our cots. Life had been reduced to the elemental. There we lived during the next 2 months sharing with our American and Filipino troops a memorable life.

One of the problems I wrestled with on Corregidor was what to do with the gold and securities which we and our agents had gathered in Manila. So far as the paper currency was concerned the problem was easy. We appointed an official committee to count and list all the United States paper currency. Then, with the help of the the committee, we burned it so that corresponding bills could be reissued in Washington. My naval aide got the thrill of his life by lighting his cigarette with a \$100 bill.

Our real problem was the gold. We had over 6½ tons of it. For days I wondered whether to try to hide it by burying it on Corregidor and walling it over or to sink it in the harbor. In either case, I feared that in the event of capitulation of the fortress the Japanese might discover its whereabouts and capture it. And I kept hoping that a way might be found to save it.

The American Navy came to the rescue. Following radio messages exchanged between Admiral Hart and myself a submarine stole into Corregidor Harbor one dark night to deliver ammunition and other supplies and we proceeded to load her bilge with golden ballast. Thus weighted she lay on the bottom of the bay all next day; and on the following night, with our gold and other securities, she set forth—a twentieth century galleon. Not content with merely transporting her cargo to America, she actually torpedoed and sunk two Japanese ships on the way, the only submarine in history operating with golden ballast.

To another submarine we owe our own escape from Corregidor. As the Japanese, with complete control over the air and the sea surrounding us, pushed their attack farther and farther south, as one stronghold after another fell before their victorious advance it became increasingly evident that our island fortress of Corregidor could not be rescued in time. The glory of Corregidor was that our troops, in full realization of that fact, fought on, undaunted and unyielding. *Morituri te salutamus.*

It is a privilege to be one of a company of men like that and I fully expected to share their fate. Then suddenly one February day I received a message from the President suggesting that if it were possible I should return to America to report to him. We decided to risk it. I radioed to Admiral Hart asking if a submarine returning to its base in the south could stop off Corregidor and pick us up.

On the appointed night after darkness had fallen, General MacArthur and Admiral Rockwell drove us down to the dock where a small surface vessel was awaiting us. We dared not linger over our farewells, for at any moment Japanese shells might come our way. Hastily we shoved off and crossed the bay in the moonlight over to Bataan. There we waited until the moon had set and the water was black. Then we steamed to the edge of the open sea, hoping that no word of our plans had reached the Japanese. As we reached our rendezvous, peering intently into the inky darkness, wondering if our plans had perhaps miscarried, gradually out of the black water loomed and took shape a blacker form, miraculously rising out of the sea. It seemed more like a phantom than a ship of steel. A few minutes later we climbed aboard over a slippery, dripping deck and let ourselves down through the small hatch into the control room and then into the forward part of the ship. The engines started and we commenced our long journey homeward.

Two weeks later, one morning shortly after dawn, we arrived at an Australian port some 3,000 miles south of Corregidor. We climbed out of the hatches onto the deck and saw once again the blessed sunlight. We inhaled great gulps of fresh air into our lungs and feasted our eyes on the shore line, fringed with pine trees and white sand. It seemed very like what I suspect paradise must be.

Back here in America, with its soft life, its bright lights, its luxurious automobiles, its fancy food and easy tempo, I keep thinking of those boys on Corregidor and Bataan and our other battle fronts. Do Americans realize what they are going through—for us? And are we on the production front backing them to the utmost of our power?

America has never before faced so gigantic a war, so perilous a struggle. The forces of evil arrayed against us are stupendous. To win we must learn to sacrifice as we have not begun to yet.

But we have a cause to fight for which is more than worth all we have to give. America is fighting in defense of her homes and her firesides. She is fighting because she was treacherously and savagely attacked; and if America is to continue to exist we have no choice but to defend ourselves. But we are fighting also for more transcendent issues. We are fighting for a decent world for our children.

Hitler has not left us in the dark as to the kind of world we will have to live in if he wins. A Nazi victory will mean economic enslavement for Europe, for Latin America, for the United States. Nazi defeat or success means, as you men of business know, literally economic life or death.

The Nazi State, if victorious, will build up and concentrate in Germany the heavy industries necessary for war and compel the vanquished nations to discontinue their own munitions, armaments, and heavy industry plants, and to support their diminished populations instead in the production of foodstuffs and raw materials. Germany will take these, at German-dictated prices, to feed her armament and heavy industry plants; and she will sell to the vanquished nations, again at German-dictated prices, such products of heavy industry as they need and Germany chooses to let them have. With European countries thus permanently unable to manufacture armament or war supplies Germany like a fat spider at the center of her web will have them at her mercy. She will be in a position to dictate trade treaties, to grant or withhold vitally needed industrial supplies and

vitaly needed markets, to discriminate against those not playing her game, to fatten or strangle such European peoples as she pleases. It is not a pretty picture.

Once Germany has acquired a stranglehold on Europe, those South American countries which depend upon European markets for the sale of their surplus products will in turn lie at the mercy of Germany. How, for instance, will Argentina possibly be able to sell her beef and wheat and wool, for which such a post-war Germany would be the outstanding market, except upon the terms dictated by Germany and upon the promise to buy needed imports only in German markets? Latin America will be compelled to enter into bilateralistic trade arrangements with German-controlled Europe and to sell their surplus products for German-blocked currencies.

Once this is achieved Germany will be prepared to suck the economic blood out of the United States. With European markets closed to our surplus cotton and wheat and tobacco, except upon German terms, if open at all, with Latin American as well as European countries compelled to buy their industrial products in Germany rather than in the United States, our own people must face increasing and staggering unemployment, lengthening bread lines, idle mills, and ruined businesses. The world of free initiative in business and of individual effort in trade will be gone. Rigid and one-sided German trade arrangements, forced upon unwilling victims, will kill American free enterprise and free exchange.

If Hitler wins the war we know exactly what to expect. The standards of living of every civilized people will be depressed in the effort to elevate Germany's. The life of the world will be gripped in a German vise. Every country except Germany will face business strangulation and industrial ruin. All humanity will bleed.

And what if the Allied Nations win? Listen to the significant words of the Atlantic Charter, setting forth in unmistakable terms the economic objective for which we are fighting: "The enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity." Not the exaltation of the special interests of the United States or of England or of other victor nations, but the furtherance of the rights of all humanity. For unless after this war all nations, victor and vanquished, great and small, black and white and yellow, are allowed access upon equal terms to necessary raw materials and to equally necessary foreign markets, there can be no lasting peace—there can be only bitter economic rivalry and struggle which, as surely as the rising of the sun, will lead to World War III and disaster for all.

You see, then, how profound the economic issue for which we are fighting. It is the choice between a world of savage repression where the trade and industry of every country is crippled and restricted in the interest of cruel and ruthless gangsters who care nothing for humanity, or on the other hand a world of free private enterprise built upon individual initiative and ingenuity, where business and commercial life depend, not upon political intrigue or dictation but upon considerations of cost and quality of product, where peoples are free to elevate their standards of living by increased sales of surpluses abroad and purchases in the cheapest international markets.

It is the issue between slavery or freedom—not only for Americans but for the peoples of the world.

The political issues of the war are even more profound. If the Nazis win there will be no room left in the world for the American way of life. The Nazi philosophy is the very antithesis of the American faith.

The American faith is built upon human freedom. The Nazi faith denies the existence of fundamental human rights and strangles private initiative. The American faith is built upon democracy. The Nazi believes in ruthless dictatorship and in the essential inferiority of all races to his own. The American faith is built upon a rule of law and justice—right above might. The Nazi scorns everything except ruthless physical force. The American faith is founded essentially upon Christian ethics—tolerance, self-sacrifice, human brotherhood. These the Nazis are out to destroy as qualities which tend to weaken the race.

Shall the future world go back to savagery or shall humanity continue to advance? This is the real issue essentially underlying the present struggle; and with an issue as profound as that America cannot and will not hesitate. All that America has stood for in the past, all that we hope for for our children and our children's children, is at stake. There can be no room for division of opinion or divided counsels at a moment like this. To America in the service of humanity we are ready to give all that we have and all that we are. For such a cause as ours America will fight to the last man; and America will win.

APPENDIX N

REPORTS BY MAJ. C. Q. MARRON, UNITED STATES ARMY, RELATING TO PREPARATIONS FOR CIVILIAN DEFENSE IN BRITISH MALAYA AND THE NETHERLANDS EAST INDIES

SEPTEMBER 18, 1941.

Memorandum to the High Commissioner:

Three reports of a comparative and factual survey made between September 7-17, 1941, during a flying trip, are submitted. Much detail was not obtained but each report accurately presents a view of the "forest" unobscured by the "trees." In them are indicated, however, details which might prove useful if adopted by the Civilian Emergency Administration within the limits of its present organizational basis.

Three reports, instead of one, are submitted in order to permit of more accurate comparison of the salient differences found. The Report of the Malaya Emergency Measure (the second report enclosed) is intended to afford a ready comparison of its "Passive Defense Services" with the Civilian Emergency Administration of the Philippine Islands; the Report on Emergency Measures in the Netherlands East Indies (the third report enclosed) similarly is intended to compare its "Statemobilization" with the Civilian Emergency Administration; while a combined comparison of the salient characteristics of the three organizations, in general form, is intended to be given by the Report of Inspection of Malaya and Netherlands East Indies Emergency Measures (the first report enclosed).

C. Q. MARRON.

SEPTEMBER 18, 1941.

REPORT OF INSPECTION OF MALAYA AND NETHERLANDS EAST INDIES EMERGENCY MEASURES

As Batavia, Singapore, and Manila are approximately the same population, and have many other physical characteristics in common, such as clusters of lightly constructed grass or frame homes, congested districts, the lack of elevation (preventing digging), mixed races, the center of the governmental departments, the adjacency to an important harbor; there are many factors present which invite a comparative study. Any such comparison, however, to be accurate must be restricted solely to the aspect considered. This must be done or futility would result; for behind the physical characteristics are the political, social, economic, racial, and military factors which are the truly controlling elements.

It is remarkable how the titles of the three wartime organizations identify the salient differences of concept with which the self-same problem was approached by three distinct nationalities: "Statemobilization" in the Netherlands East Indies; "Passive Defense

Services" in Malaya; "Civilian Emergency Administration" in the Philippine Islands.

The "Statemobilization" recognizes the existence of the total war, with the complete disruption of what previously might have been considered safely outside the range and destruction of war. It recognizes that war today is not only a question of a struggle between the military forces—land, sea, air—but that all social and economic forces apart from their former limited military aspects, are now fatally affected by war's blight. It recognizes that war today is a war not only of the state in all its ranks, but that, due to the bombers and air-borne troops and gas, the entire civilian population must be ready instantly to withstand the full shock of war; just as much as front-line military. Likewise all organizations previously considered civilian and outside war's fury, must be revamped on a war basis. The concept of total war requires absolute integration of all civilian functions with the military. The nation and all its resources are in arms. Food and other supplies of whatever nature, including all resources of the state, must be used to repel the enemy, or, in the event that proves impossible, then those resources must be destroyed to prevent the enemy's using them. The "Statemobilization" has been organized with those two ends in view: Affirmative help to the military by utmost cooperation with all resources, physical, intangible, or human; negative aid to the military, by destruction—"scorched earth" tactics, thus depriving the enemy of material or incentive.

The "Passive Defense Services" of Malaya, do not go so far in their concept as do the Netherlands East Indies. The military forces are given the dominant role; all other activities are made subordinate to the military needs, and close coordination and cooperation is attempted. This mutuality of assistance, however, falls far short of integration. It is very dependent upon personalities of the leaders of the military and civilian organizations as to the success achieved. The degree of success will, of course, vary with each change in personnel. The objectives sought will likewise be differently interpreted by the personnel of any particular moment. Basically, the emphasis is placed upon freeing the military from bother or concern with the civilians and their interests, including (so far as can be divorced from the attention of the military) the casualties and disruption caused by war's effect on those people and things not of direct immediate connection with the military. There appears to be a belief that the armed forces must be freed of all concern except that of defeating the enemy; that if the civilian populace is warned by them that an air raid is coming, from there on the civilians must take care of themselves. So far as the plan for civilians is concerned, its passive nature is disclosed by the functions assigned by that plan to the civilians: They must take care of their casualties through their extensive Medical Auxiliary Service; they must keep order and continue necessary functions through their expanded permanent organizations; and they must keep down fires at all cost. It should be noted that nowhere is there indicated any consideration of the destructive (potential) power of the civilians. Full realization, in the Malaya plan, of the need for utmost preparation from the first instant a bomb attack occurs, is everywhere evidenced. The plan definitely recognizes that enemies from the air instantly produce their maximum havoc upon civilians, and therefore that preparations

to be effective must be executed prior to hostilities to such a high degree that a peak load of disruption can be immediately withstood. So far as the "Passive Defense Services" have missions assigned them they are prepared to execute them without delay. Their organizations are complete and trained. But the "Passive Defense Services" are only one step closer to the concept of total war than is the Civilian Emergency Administration; and that step is made possible by its use of liaison officers. Integration, however, is neither sought nor achieved.

The "Civilian Emergency Administration" of the Philippine Islands, when compared with the "state mobilization" and the "Passive Defense Services," discloses that it is the furthest removed of the three from the total war concept. The National Emergency Commission is charged, in the Civilian Emergency Administration, with the formulation and execution of policies and plans "for the protection and welfare of the civil population in extraordinary and emergency conditions." In general effect, the Civilian Emergency Administration organization is mainly concerned, in comparison with the other two, with enormously expanded peacetime emergency measures. Of course, its air-warning service and its emphasis on protective measures from bombers are additional measures not used in peacetime emergencies; but a fair generalization, nonetheless, is that the Civilian Emergency Administration is primarily a supersized peacetime emergency organization.

So far as it concerns the main reason for having to prepare emergency measures at all (total war) the Civilian Emergency Administration organization gives lip-service only. It foresees huge disaster and disruption, but moves to meet the kind nature causes, not man-caused. The difference in objectives is fundamental, although both have many common traits. Disaster caused by nature can rarely be prevented; only after the happening do emergency measures normally spring into action; furthermore, such disasters rarely repeat, certainly not with the continued hammering of bombers. Man's greatest disaster is total war; but since it is man-made it also is man-controlled. Since it is man-controlled, other men can foresee its directions and move to counteract or reduce the force of the disruption before it strikes any given civilian community. It is after the disruption occurs that the peacetime type of emergency measures most closely blend with total war emergency measures. During this period, for all practical purposes, the two are identical. Also there appears a third phase of total war emergency measures, which may come either after or before the period wherein the two types of measures merge. The phase is the "scorched earth" program in action; it is the civilian's moment for active participation, as an effective, in the total war. By the destruction of all resources of military value to the invader, the enemy's future fighting strength is proportionately reduced. By the known, planned destruction also of resources, such as oil wells, which have both great military and commercial value, an incentive is taken from the enemy's attack. "Spoils of war" for nations still rank as fundamental causes of war.

Four main symptoms of adequate total war emergency preparations appear: First, thorough integration of the military and the civilian forces and resources; second, limitation of disaster to restricted confines as possible; third, automatic relief for victims, and fourth, the

“scorched earth” tactics. If these conclusions are accurate, it seems that the Civilian Emergency Administration of the Philippines is lacking both in integration with the military and “scorched earth” preparation.

Planning must conform to reality: No matter how attractive or theoretically logical a plan may appear, it is worthless unless it can be reduced to effective execution in accordance with the actual situation presented. All three systems have sufficiently sensible plans for the warning of the civilians of an air raid; likewise all three plan to take care of civilian casualties. Plans also are present for fire prevention and control, for maintaining order during the emergency, and feeding the civilians. Some degree of evacuation is considered and planned for by all. The various agencies to effectuate these ends have been created.

Execution, however, in each place varies greatly within each of the common plans just tabulated. The food situation in the Netherlands East Indies, which country is self-sufficient in food, is merely one of distribution from storage centers. In Singapore, like the Philippine Islands, there is a need for outside stocks to be stored in great quantities, as neither of the latter are self-sufficient. Yet Singapore is not forcing through a short-crop food program. The Philippine Islands food supply plan is ahead of the Singapore plan in that respect. In accumulated stores, however, it is believed to be less effective than in Singapore.

A head-on collision has been noted between the Netherlands East Indies air-raid shelter plan and execution as against the Malaya plan. Singapore authorities consider air-raid shelters death traps in themselves and also a health menace as a potential breeding place for mosquitoes. They further believe that even if sufficient quantities of splinterproofs could be erected to house all the people—an impossibility—that disease and corruption (due to people jammed together in tropical weather) would cause untold sickness, and be an unbearable strain on the community. Blast walls, however, are very much encouraged in Singapore. They are solidly built of brick or concrete blocks, 3 feet thick, 8 to 10 feet high, and are fairly well distributed along the sides and fronts of the more important buildings. On the other hand, Batavia has few blast walls but has numerous splinterproofs, very widely distributed. Some of them run along an entire city block, others are smaller and dispersed. Two main types are present: The older; that is, the earth filling on top and sides, after having had a complete wooden frame first built; the newer type; that is, open-top construction, with the “trench” made of bamboo, and, in some cases, a low thatch roof (meant to keep off the elements only). In addition to these so-called trench shelters, which are all constructed by public funds, there are many homes having more elaborate splinterproofs, some of very good reinforced concrete construction, approaching bombproof safety.

Manila, Batavia, and Singapore, being all at near-water level, are confronted with approximately the same problem in the “trenching” of splinterproof construction. The arguments given by the British appear plausible. A much stronger one, from a utility point of view, however, is the cold-blooded consideration of the law of averages involved—balancing life against property. All three organizations recognize the fire hazard from incendiary bombs as the most dreadful

hazard. Incendiary bombs, it is recognized, can be effectively smothered, or at least kept within restricted confines, if immediately fought. To accomplish this end, constant watchers and fire fighters must be immediately ready. The question then to be answered is, Would such fire fighting and guarding be better accomplished by families dispersed in their homes; or by the same families huddled in a splinterproof? It may be that watchers in their homes, with no place to seek safety, will more readily discover and fight such fires. Also, in order to complete the arguments against splinterproofs, dispersion itself saves lives and although several homes may be destroyed, not so great a total loss of life would come as when one splinterproof became a "hit." On the other side of the controversy should be considered, however, mathematical probability of being killed by a 500-pound high-explosive bomb. Consider blast effect first: Anyone within a 20-foot radius of the center of impact of the shell will be killed; the danger of being killed from blast thereafter directly decreases with the distance taken; at 100 feet it is 50-50; at 200 feet it is practically nil. If the shell is shrapnel, then the danger zone is fairly evenly distributed over the entire circle whose radius is 350 feet from the center of impact. It has also been estimated that about 2 out of every 100 casualties are from direct hits; that leaves about 98 percent of all losses due to blast and splinters. The splinterproofs have been advocated only as blast and splinter protection. It then becomes, it appears, an economic problem for each individual to decide: Balance his budget against the additional safety factor given his family.

To the Government, however, the problem is bigger and more complex. Manila cannot afford to build adequate splinterproofs for all. Also, as in Singapore, the danger of a breeding place for mosquitoes is present. The other arguments also apply as in Singapore. Singapore has answered its problem to some extent by building dispersion camps; Manila has likewise made a partial solution by planning evacuation. The direct responsibility for protecting the people belongs to the Government, but funds in the Philippines are very hard to obtain, whereas in Singapore the director can get anything: "When I want a blast wall built anywhere, I tell the public-works department to build it, and the government furnishes all materials and costs." The Netherland East Indies, despite their three-way collection system (detailed under the Netherland East Indies description) also has sufficient funds, particularly due to the state-military integration. The Philippines' decision is for the National Emergency Commission to execute. The decision, however, is for the Government to make.

Singapore ranks first so far as training is concerned, particularly as to black-outs. A very exhaustive detailed consideration has been given to training, and to testing its results. An umpire system has been perfected and all units are active-trained units, not empty titles and numbers (as is feared are many in the Civilian Emergency Administration). (Of course, both compulsion and pay are behind both the Singapore and Batavia systems, and those factors in themselves permit a closer approach to necessary training and discipline.) Incidents are written up previously to black-outs; umpires are stationed in the key positions and their various units are tested on an actual problem basis during black-outs. This testing has been done to all

units. Both Singapore and Batavia systems have planned for the use of their public-works departments in repairing mains and other similar utilities; commercial concerns of major importance are required to maintain their services. Batavia's system of demolition and destruction is very complete. All over the Netherland East Indies are trained wreckers—men trained especially in destroying anything useful to the enemy. One of the administrators, an Army officer, is charged directly with that responsibility. Oil wells are so very important in the Netherland East Indies that their destruction is to be done by another Army officer, who is oil administrator. Preventive measures in respect to oil have been taken to guard fields against parachutists, to guard the refineries against fire by circling them with brick walls. Finally, if prevention fails, complete destruction is arranged, and can instantly be accomplished. Black-outs in the Netherland East Indies last 3 consecutive days; in Singapore, 2 consecutive days.

A sufficient account of the three systems has been given, if studied in conjunction with the separate reports submitted as to the Netherland East Indies and the Malaya organization, to afford a factual background of the problems presented and their practical solution.

First. It appears self-evident that planning must be done on a pessimistic basis. Unless prepared for the worst contingency, surprise would utterly demoralize people lulled previously into a mistaken belief in their security. It should be much better to tell them in advance that no preparations for their safety are made than to have later to acknowledge their trust was misplaced.

Second. It appears that within the limits of the political structure and practical accomplishment, integration with the military must be made, so that as near as possible an approach to total war preparations is done prior to its disrupting force being visited on the civil communities.

Third. So far as the Civilian Emergency Administration is concerned it should be revitalized in conformance with the decisions made on the first two points; and by all means have training supervised by qualified experts and checked by umpires.

SEPTEMBER 18, 1941.

REPORT OF THE MALAYA EMERGENCY MEASURES

The Singapore Passive Defense Services have only recently become energized. Initially the efforts were disjointed and listless. Failure of coordination of an indifferent military, and a haphazard civilian defense scheme, resulted in little progressive planning and less effective execution. Lately, however, not only has the tempo in Singapore greatly increased, but the entire British Malaya is also included in the scheme of passive defense. The Singapore sector, however, which is only one of the three sectors organized, will alone be discussed in this report. The other two headquarters are at Penang and Malacca. All are similar in organization (but the one at Malacca is not considered of any particular importance). The heart of all passive defense measures is the Singapore system.

The Governor of Malaya is the nominal head of the passive defense measures; his powers have been delegated to the Colonial Secretary,

who, in turn, outlines policies and resolves all conflicts, but entrusts the actual detail work and all except the major problems to the judgment of the "Director of Passive Defense." The regulations prescribing the present organization was signed by the Governor February 5, 1941. In those regulations it was stated that the "passive defense services may include any of the following services: A corps of air-raid wardens; a medical auxiliary service; an auxiliary fire service."

Although the Passive Defense Services were thereby broken into three main divisions, no real clue to the set-up is given by them as in reality they are very elastic. A functional approach, rather than terminology study, therefore is necessary.

To begin with, the Colonial Secretary and the "Director of Passive Defense" are roughly the equivalent of the National Emergency Commission of the Civilian Emergency Administration. To the Director (unlike the National Emergency Commission) are assigned liaison officers from all the armed forces: Army, Air, and Navy. Through the use of these liaison officers, coordination with the armed forces has been achieved. The "Director of Passive Defense" in turn has a divisional air-raid warden (a civilian who has the rank status of a major) on duty as liaison officer with the Army Air Warning Service. Under the "Director of Passive Defense" is a chief air-raid warden, who is his principal assistant. These two, together with department heads (who roughly compare with our administrators) together form a "Directorate." The "Directorate" therefore could be considered as the National Emergency Commission plus its administrators (the Governor, acting through the Colonial Secretary, resembling the ultimate power of the Commonwealth President). The Director has his office divided into five sections; each section has a suitable staff. The sections are termed: Director's Office; Stores; Finance; Transport; Air Raid Precautions; and Disposal of the Dead. Their titles are self-explanatory. The departments have been divided into separate functional units: Warning Signals; Report Centers; Air Raid Wardens; Casualty Service; Fire Service; Lighting Control; Immediate Action Squads; Control of Civil Population; Special Information Bureau; and "departments with self-contained schemes": They are Singapore Harbor Board, F. M. S. Railways, Civil Air Port, Straits Trading Co., and Asiatic Petroleum Co.

The title "Director" itself might better have been "coordinator," for his power to order is so restricted that he must resort to consultation and coordination in major instances. These obstacles to immediate direct control by the Director are due primarily to the fact that all the major heads of departments in the Passive Defense scheme are heads of corresponding permanent agencies. Their Passive Defense work is in addition to their normal duties, and they have not surrendered their normal peacetime control over their respective departments.

At this point it is important to note that the functions performed by the Passive Defense Directorate do not dovetail with the Civilian Emergency Administration organization; and neither affords a rapid basis for either a true contrast or comparison with the Civilian Emergency Administration. It is possible, however, by avoiding technical distinctions of form and concentrating on substance, to gather an accurate idea of the major differences. The less painful

approach appears to give a brief statement as to each separate department's principal functions, as initially tabulated, and without regard to relative importance. The ultimate purpose being, of course, to afford an understanding basis for comparison with the Civilian Emergency Administration.

Warning signals.—Civil sirens are set up at over a dozen fixed points and are operated by the police. In addition the police and air-raid wardens give individual supplementary warnings. The Singapore Harbor Board has also been required to install and operate two fixed sirens. Information regarding impending air attacks will be conveyed by Military Headquarters to the Director, Passive Defense, Singapore. The latter is responsible for relaying the warning to the public and essential services, and all branches of the Air Raid Precautions organization. To do this the Director has established a very well-organized telephone-control room, with direct wires to all keymen, and intends that to be his 24-hour headquarters. It is therefore the Air Raid Precautions headquarters. A precaution worthy of mention in respect to sirens is that two gasoline-engine sirens are available for use in the event the power goes dead for any reason.

Report centers.—Report centers are established at each of the 7 geographic districts into which Singapore has been divided for all purposes of Passive Defense organization (except the Medical Auxiliary Service installations) and will be under an officer in charge stationed at the Air Raid Precautions headquarters. Likewise there are 7 divisional officers in charge. Each will be located in the same respective office as the divisional warden. The staff of the former will be used also, whenever necessary, by the divisional warden. Each report center staff has a total of 34 persons: 6 telephone operators; 9 clerks; 12 messengers; 6 interpreters. These men are broken into 3 reliefs of 8 hours each. There is, however, but 1 officer in charge of each report center. For accurate and rapid description of the location of an "incident" each of the 7 districts is subdivided into squares (about 170 yards along each edge), which are consecutively numbered on all maps used. All reports of "incidents" use the squares in giving location. By merely stating the district and reading off the map number of the square, the "incident's" location can be quickly determined. To further facilitate the rapid utilization of information, a report sheet has been issued. Systematic handling of all reports has developed a nerve center for control, which appears to be the primary object of report centers.

Air-raid wardens.—There is one chief warden, full time, and three deputy wardens, voluntary, who will have their war stations at the Air Raid Precautions headquarters. A staff of 42 is furnished the chief warden. Each divisional warden is assigned 3 deputy divisional wardens and also 6 staff wardens, but only 2 clerk-typists. As previously stated, the respective divisional report center clerical force is available to wardens. There are 32 group wardens unequally divided among the 7 divisions: Maximum, 7 in 1 division—minimum, 1 in another, depending upon the population. Each of these group wardens has assigned to him 3 staff wardens and 1 interpreter-clerk. Each group warden is assigned a fixed post. To each fixed post are attached 6 wardens. One of the duties of wardens is to control the civil population, assisted by the police, if a serious situation arises. Another duty is the inspection of premises and the establishment and

sufficiency of fire safeguards, including checking the qualifications of fire guards. Business houses are compelled to have fire guards; it is compulsory for their male employees between 18 and 55 years of age to take tours of duty, without additional compensation, in aggregate of not more than 24 hours per month.

Compulsory fire precautions, such as sand boxes, shovels, axes, snuffer shields, etc., must be installed in business houses and important buildings (whose names are published in the Gazette and within 14 days) and fire guards must be provided. The judge of their sufficiency is the Air Raid Precaution chief warden, who has delegated the inspection to divisional wardens. The law is binding on owner, agent, occupant or renter—so the enforcement is certain. Fire precautions are demanded proportionately to reasonable safety limits and not automatically nor arbitrarily applied. A particular duty of the Air Raid Precaution wardens is to evacuate everyone within a radius of 100 yards, at least, of a bomb; then immediately contact a bomb-disposal officer; barricade bomb craters; block streets in danger area; detour all traffic so as not to vibrate area. Bomb-disposal officers head special volunteer-corps units formed into bomb-removal squads; squads first receive special training and function under the guidance of military authorities. Air Raid Precaution wardens do not participate in this work other than by assisting police traffic control and passive protective measures of the general scope just stated. Bomb-removal squads, when displaying their special sign on their truck, are carrying an unexploded bomb. The wardens therefore give them right-of-way through traffic, and against traffic lights. Air Raid Precaution wardens are required to report accurately and periodically through their ports to division headquarters, thence to Air Raid Precaution headquarters, all information concerning unexploded bombs within their areas. This information will be then transmitted to the Army. The Army authorities (bomb-disposal units) will be responsible in disposing of bombs on all civil and public properties. When reports are received as to unexploded bombs, the bomb-disposal officer in charge will classify them and determine the priority of removal. A fully detailed system of classification has been worked out. Another innovation in personnel related to the Air Raid Precaution wardens in their functioning is the detail with each warden of one "incident" officer. This officer goes immediately to the fire or other disaster, and places himself in the most prominent position available. He is the coordinator of all work, and is to report back to next higher headquarters when all services are finished. His duty day is 8 hours, and at the end of that period he will be relieved by the "incident" officer from another post, who has not yet been called out for active field work during that day. While on the ground of disaster the "incident" officer will carefully log everything that has taken place, including details of names, damages, and casualties. He is supplied, for identification purposes, with a huge flag by day and a hurricane lamp by night. He must be reasonably intelligent. Three runners are detailed with him. A basic distinction from the Civilian Emergency Administration organization is that the Air Warning Service in Malaya has been completely militarized and does not use civilians.

It may also be here noted that the immediate action squads perform many duties which, under the Civilian Emergency Administration

organization are directly under Civilian Emergency Administration Air Raid Precaution Service, but should not be confused with the Civilian Emergency Administration Air Raid Wardens Service. In general, the duties performed by the Malaya Air Raid Precaution wardens much more nearly conform to the Civilian Emergency Administration Air Raid Wardens Service; whereas the Civilian Emergency Administration Air Raid Precaution Service includes not only many of the functions of the Malaya Air Raid Wardens, but also those of several other departments. It is unfortunate that the terminology is so similar for unlike functions, but the difference can be easily grasped if clearly kept in mind. To sum up, in general, the regulations applicable to the Corps of Air Raid Wardens, as prescribed by the Governor, may prove helpful:

"The duties of the Corps of Air Raid Wardens shall include the control of lighting in any place, building or vessel or on any vehicle in accordance with orders duly made for that purpose, the giving of warning to the public of actual or apprehended attack by an enemy, and assistance in succoring persons or protecting property in any area which has suffered attack, and any other duties which may be ordered by the local authority."

It is obvious from the above that the air raid wardens must have a detailed knowledge of the inhabitants and houses in their areas; they must know the principal fire hazards (gasoline stations; timber yards, etc.) in the area; and must be able to quickly guide any other agency to the scene of the incident, if they are to be considered effective. Wardens are expected to patrol in pairs in order that one may remain at the scene of the "incident" while the other reports.

Casualty service.—The casualty services is very comprehensive and is intended to provide:

- (a) First aid at the site of the "incident."
- (b) Transportation to the first aid post or hospital.
- (c) Transport from first aid post to hospital in some cases.
- (d) Arrangements in hospital for sorting rapidly a large number of patients.
- (e) Treatment in casualty hospitals.
- (f) Provision for the transfer to base hospitals of cases who require prolonged treatment, if there are repeated raids; also provision for removal from hospital if it becomes overcrowded or if hospital becomes untenable.
- (g) Sending home patient when discharged.

The above duties in respect to casualties have been made the direct responsibility of the Medical Auxiliary Service. This service, by the regulations of February 5, 1941, is organized as a part of the Government Medical Services of the Settlement. The highest medical officer of the Government is, in like manner, also responsible and in direct charge of the Medical Auxiliary Service. He is the officer in charge of the service and is empowered to appoint such other officers as he deems necessary. Enrollment into the Medical Auxiliary Service is governed by the same regulations as other passive defense units. This is not a Red Cross or other similar civil relief organization. Although England had many charitable relief organizations in peacetime which aided in civilian relief work of this nature, and one particularly, the "St. John Ambulance Brigade Overseas," was functioning in Singapore, it was decided that the disorganization of the life

of the community to be expected under mass bombing attack required the full power and responsible coordinating control of the Government to assure proper functioning of this most essential service. For such reasons the control was taken away from charitable organizations and placed in the hands of the Government. The trained personnel of such charitable organizations is, of course, welcomed into the Medical Auxiliary Service. Volunteers enrolled in the Medical Auxiliary Service, as in all other passive defense units are required to subscribe to an enlistment form. Once such form is signed, legal control is established over the individual and performance of his duties can be required. Compensation for those passive defense workers rendered unfit in line of duty is payable by the Government. In the Straits Settlements compulsory registration of all European British subjects, between 18-55 years, is required. The Medical Auxiliary Service classifies and reports to the military the comparative fitness of each individual. The order of fitness is: Military service; local defense corps; fire brigade; Medical Auxiliary Service; air raid precaution wardens. The physical and age requirements of the air raid precaution wardens may easiest be indicated by the fact that they are not only the residue, but follow the Medical Auxiliary Service, which itself has been termed by other groups as an abbreviation for "Middle Age Spread." Of course, men in the key positions, or of outstanding special qualifications are not automatically placed in any one group; both exemptions and special assignments are made.

No mobile canteen service is contemplated for the Medical Auxiliary Service; but women canteen specialists are to be assigned from the first-aid posts through all echelons, including reserve workers in hospitals. A carefully detailed scheme of helping the injured has been worked out and is actually ready to function immediately. Basically the Medical Auxiliary Service divides Singapore into 13 areas (thus differing from the 7 geographical divisions used by other passive defense units. There is an aid post or hospital, or both, in each area. The areas are divided by population (or estimated vulnerability) to equalize the work load so far as can be foreseen. First aid posts are in reality surgical dressing stations and are intended to take the load off of hospitals. Of course minimal first aid attention necessary to save life, or to make it reasonably safe to move a patient, is given at the place of "incident" when the patient is first reached. First aid posts personnel are fixed and await arrival of patients which are brought to them by first-aid parties which work out, by transport including stretcher bearers, from first-aid party depots. The first-aid party depots may or may not be in the same building as is located a first-aid post; in any event, their control is separate and distinct from that of the aid posts. The members of the first-aid parties are all men (except women are allowed to act as drivers). About 12 depots are established with a personnel of an average each of 34 whole-time staff, with about 60 volunteers, part time; total persons each, about 100. The usual method of first-aid parties is to work in "combines," consisting of one light ambulance car, and 2 ordinary (improvised) cars; 4 stretcher bearers, an attendant (doctor if available) competent to render first aid, at least; and 3 drivers. First-aid posts each have 3 doctors assigned, one to be always present for duty. First-aid posts are established about $\frac{1}{2}$ mile apart, depending on the population, and it is not intended that their importance be exaggerated. Em-

phasis is, on the contrary, directed to taking straight to hospitals by motor transport all serious cases; sending only minor cases, shock and fright to first-aid posts. The full equipment is available for all these posts to open immediately; and continued practice is being undertaken. Buildings have had rooms assigned for first-aid posts, including storage of equipment. Hospitals have been selected, and in addition "shadow" hospitals have been designated. The "shadow" hospitals are intended for the emergency additional requirements; their staffs have been assigned; equipment collected; and can immediately open. There are two other first-aid provisions made, distinct from the main plan:

(1) First-aid points, usually set up in private homes in suburban areas, or small dispensaries to which people have been accustomed to going in peacetime for trivial cases, or in large business or Government establishments, are very strongly encouraged; (2) mobile-aid posts: These correspond to the usual ambulance teams from a peacetime hospital and is sent out on call from a hospital in cases of serious "incidents." It should be noted especially that the Medical Auxiliary Service differs very much in many basic respects from the Civilian Emergency Administration's nearest corresponding agencies, and, particularly, that it performs no evacuation function (in the sense used by the Civilian Emergency Administration) whatever. In brief, the Medical Auxiliary Service concentrates its efforts, under its first-aid commandment, in using first-aid party patrols and ambulance services, to transport injured to fixed first-aid posts or hospitals, through utilizing a general elastic plan of essentially casualty-clearing stations. There has been no provision made (unlike in the Netherlands East Indies plan) for gas victims. Reasons given are that the use is discounted, also that there would be bad effect on public opinion unless gas masks were issued to everyone. Gas masks are issued to all passive defense workers, also steel helmets. The "government analyst," with 12 men, has been assigned a laboratory and the duty of gas detection. A group of 216 men, drawn from the "Town Cleansing" Department, are decontaminators. Protective clothing has been issued to all members of decontamination squads. It is believed by the head of the Medical Auxiliary Service that here are sufficient quantities of initial raw materials available to extend gas victims necessary aid; cleansing centers could be installed in conjunction with present Medical Auxiliary Service plan without difficulty. No special hospital for gas victims has been designated. The Medical Auxiliary Service has advanced far in another direction; however, it has been collecting blood for transfusion purposes from the army, with full cooperation from the military authorities. An exchange is the keynote of the success: In peace, the soldiers furnish the blood to be used, if necessary, by civilians; in war, the civilians will furnish the blood necessary for soldiers. The Medical Auxiliary Service believes the greatest progress made in any Medical Auxiliary Service work has been with blood collecting. Incidentally, all doctors expected to be used by the Medical Auxiliary Service are paid; those not now on full time have been hired; their rate of pay is \$500 (Straits Settlements) per year. Each doctor provides his own transport and is responsible for the training of his units. The advance hiring of the services of these doctors and using them in training, creates a team of great value

for war. Sufficient volunteer-paid doctors are obtainable; compulsion not necessary.

Fire services.—It should be recalled, as stated above, that one of the 3 groups of activities into which the passive defense services "may include" was "an auxiliary fire service." Fire hazard in Singapore (and in the Netherlands East Indies plan) is recognized as most serious. The superintendent, fire brigade, as soon as an air-raid warning is received, assumes charge of all fire-fighting apparatus. The peacetime fire-fighting forces have been greatly supplemented by auxiliaries who work as an integrated unit. In addition to the normal fire apparatus, over 300 "trolley fire" squads, requiring 3 men each to operate the equipment improvised, are installed in all large business, governmental, and private establishments. These trolleys consist of simple wooden 3 small-wheel carts, carrying 3 filled tins of water; 1 stirrup pump and hose; 1 sand bin, filled; 1 shovel; 1 bomb hood; and 1 snuffer shield, which is used for protection against sparks of spluttering bombs. As the cost is only about ₱45 complete, the use of such equipment appears to be highly desirable wherever incendiary bombs may be anticipated. The "trolleys," complete, are available for purchase at all air raid precaution stores. As previously stated under air raid wardens, fireguards and fire safe-guards are compulsory. Through the reports of the "Incident" officer to the Air Raid Precaution Control at Air-Raid Precaution Headquarters, by phone, the fire-brigade superintendent decides what fire apparatus will be dispatched. Fire departments cannot leave without his orders. All normal fire warnings, peacetime, are ignored. Only in the event that the telephone system breaks down is fire control decentralized to lower units. The total fire department brigade, war, is about 1,000 men; whereas in peacetime it is barely 200 men. Two practices of 2 hours each per week are required of all volunteers. Incendiary bombs are actually fired on the streets and men are trained to handle them. In event that fire lanes need be made in major fires, it is expected to call on the military for the handling of explosives necessary. Canteen service has been planned only for the men fighting extensive fires; otherwise they provide their own food.

Lighting control includes road safety. Both terms are sufficiently explanatory of their purposes.

Immediate action squads.—Gas detection and decontamination have already been discussed.

Road repairs and repairs to bridges have been assigned as a duty of the deputy municipal engineer, and his personnel is drawn principally from the existing permanent staff of the municipal engineer's department supplemented whenever necessary by gangs from the establishment of the public works department and rural board. At four key points 10 to 15 squads of 20 men each are assigned. Two of the "self-contained departments," the Singapore harbor board and the F. M. S. Railways have been charged with maintenance of their own repairs.

Rescue and demolition parties are under the municipal engineer, who will work out from his present headquarters; 138 of his present permanent men will be divided into 6 heavy parties of 8 men each, and 15 light parties of 6 men each suitably equipped to perform necessary rescue work resulting from bombs or fires, including demolition and clearance of debris.

Repairs to essential service are done by the departments or firms normally responsible in peacetime for such work. Services such as damaged cables, wires, mains, pumping stations, power stations, etc., are required to be repaired and maintained by repair gangs furnished by the respective utility from its peacetime personnel. Stores of essential stocks that are known to be difficult to obtain in war, however, are the responsibility of the "directorate" to arrange for and carry. For help in facilitating transport, supplies, and equipment for all of these three repair groups, above detailed, an engineer stores control subcommittee has been formed. In general, each repair group is dependent upon its own peacetime organization for transport and other needs, and has recourse to the engineer stores control subcommittee only when it has exhausted its own resources.

SEPTEMBER 18, 1941.

REPORT OF EMERGENCY MEASURES IN THE NETHERLANDS EAST INDIES

The Netherlands East Indies established a government planning board in 1936. The board was composed of the heads of all departments and the attorney general. The object of the composition of the board was to facilitate coordination between the different governmental agencies, and to carry promptly into execution decisions. Until the outbreak of the war in September 1939, however, it did not reduce "preparation" quickly to "execution" (in other than economic defense considerations and the simpler air-raid precautions). Efforts were accelerated progressively to reduce to action and detailed execution plans particularly since May 1940, when the invasion of Holland showed the situation of the Netherlands East Indies to be acute. Implementing acts and ordinances gave unlimited emergency powers to permit total utilization of all the potential resources of the Netherlands East Indies, whether persons or property. Moreover, the civilian defense measures are thoroughly integrated with military defense measures, being both complementary and supplementary to them. This fact is vitally important in either contrasting or comparing the Civilian Emergency Administration of the Philippine Islands, and is the outstanding difference between the two systems. The Netherlands East Indies civilian defense measures appreciate the total war factor and have for their objectives full participation of the civilian resources through thorough subordination and coordination with their military forces. In comparison, the Civilian Emergency Administration measures appear to be far short of that integration, and are primarily passive in nature. As general comparisons are seldom constructive, a more specific and detailed description of the civil defense measures taken by the Netherlands East Indies may prove more fruitful.

To begin with, the technical differences between titles or names of departments (or boards or agencies) are relatively unimportant. If detailed they would only serve to confuse; because, of course, the political structure of the Netherlands East Indies, as compared to the Philippine Islands, is so different that necessarily the civil defense

set-up must greatly vary. The important thing, it appears, is to study the civil defense functions performed, and their interrelationship between themselves and the military.

First to be considered, therefore, is the equivalent of our National Emergency Commission. There is, of course, no exact title equivalent. The National Emergency Commission, including the administrators meeting with it, are in reality the executing agencies of the Civilian Emergency Administration; a much smaller group, however, in the Netherlands East Indies has correspondingly been assigned or delegated from the Netherlands East Indies Planning Board, not only all functions combined in the consolidated National Emergency Commission previously mentioned, but virtual dictatorial powers within the scope of their assignments. Many of these powers due to the thorough integration with the military, are absolutely binding and final. Action thus taken gives the maximum in speed and coordination. The group (the state mobilization) charged with such heavy responsibilities is compact and permanently assigned the self-same duties for war; and have no other work to distract them. At their head is a retired lieutenant general; under him is a responsible individual in charge, each, of the following functions: (a) Economic warfare, (b) civil service, (c) Army matters, (d) naval matters, (e) legal adviser, (f) miscellaneous, and (g) oil matters.

(In addition to his work of economic warfare, the individual charged with those duties, D. F. Blokhuis, is also Secretary of the "state mobilization".)

Each of these individual functions will be briefly explained:

Economic warfare.—This section combines not only all the functions covered by our Food Administrator and Industrial Production Administrator, but also has many military aspects, as well as including the field of Economic Sanctions. In short, so far as any product of the Netherlands East Indies—or any resource—has economic value (locally or as an export) it can move only within whatever limits it is decreed by the Economic Warfare Administrator. One exception is oil. There must, of course, be necessarily an overlapping within the "state mobilization" of its functions. Such overlaps (particularly oil) must be and are worked out by the state mobilization members. (This membership; it must be continuously recalled, has on it representatives of the Army and Navy.) Not only is tangible property controlled by this section, but also intangible property. Debts and all money matters, in their economic affect or effect on total war, are within the scope of the dictatorial planning and execution of this section. Unlike the Philippine Islands, the Netherlands East Indies is self-sufficient in food, so that problem is one of distribution primarily.

Civil service.—This section is very roughly comparable to the functions performed by our national air raid warden, the Philippine Red Cross, and our Department of Health and Welfare Administrator. (Its title has no resemblance whatever to what we term "civil service.") It would only tend to confuse to make a detailed comparison of this section's functions with each of the corresponding sections in the Civilian Emergency Administration, separately; therefore, the functions of the civil service will be treated as a whole. Just where the similar function is performed (or not performed) by corresponding sections in our Civilian Emergency Administration will appear incidentally. Evacuation, under the civil service, is divided into two

primary groups: First, real evacuation; second, emergency evacuation—the latter dependent upon air raids, fires, and other outgrowths of war's dislocation—and, in fact, is termed "dislocation" evacuation. The distinction between these two terms is not arbitrary, as under certain contingencies they necessarily fade into each other. Real evacuation, for instance, is itself divided into certain evacuation and probable evacuation. These latter two are known danger zones evacuation. Camps, foodstuffs (stored nearby), and other necessary equipment for those whom evacuation is certain are completely in readiness to receive the evacuees. Real evacuation, regardless of whether certain or probable, is not automatic but is dependent upon order of the Governor General acting on the advice of the commanding general. Everyone has been informed where to go; how to go; which routes to take—but when to go is a military decision and will not be disclosed in advance, although individuals can go if they have permission. Certain evacuation will be made, for example, from around great oil refinery installations. Roads and transportation means to those points also have been arranged. Food and medical stores have been arranged through mutual assistance with the Economic Warfare Section. Evacuation, if the need arises, of the Netherlands East Indies Government has been completely planned, with all arrangements already consummated to the smallest detail. Another responsibility of the civil defense (in close coordination with other sections, particularly the legal adviser) is the determination of the assignment of any person between the ages of 18 to 50 years. Registration is required between those ages of all persons who have completed primary grades. This school limitation is put in for the sole purpose of avoiding registering coolies. The qualifications of each person registered are balanced against the needs of the concern for which he (or she) works or other duty engaged in, and then assignment is made, by authority of the Compulsory Civilian Service Act. This power is so strong that any person can be told, "You are enlisted in the Red Cross, etc.," and that binds him (or her) there. This power has been exercised already, collectively, to keep employees (such as railroad workers) on their present jobs; the primary purpose being to be sure they "stay put" in time of hostilities. When full mobilization occurs everyone of any value whatever will be assigned definite jobs; until full mobilization occurs, some laxity is allowed to reduce harshness and oppression. Persons can move about within limitations; nonetheless, the ultimate power to force them is potentially present and may be instantly put into full effect.

Air-raid protection service.—Under the civil service, but decentralized under a system of rings, which are circles usually drawn a varying number of miles radius from towns and cities, and consequently sometimes overlap, is set up the Netherlands East Indies Air-Raid Protection Service. A brief description of the political organization of the Netherlands East Indies is essential in order to understand their air-raid organization, as the latter is built around the former.

In all the Netherlands East Indies there are about 40 residents who roughly correspond to the provincial governors of the Philippine Islands. In Java there are 18 Residents. In the areas of each resident is a local chief of Indians. Also in any given area there is the equivalent of the mayors in the Philippine Islands. To obtain

money for governmental purposes, these three persons are very influential. The emergency expenses have been allotted to the resident, who dominates, agreeing with the other two as to proportionate taxation for the expenses.

The resident acts for the Netherlands East Indies Government as its representative and agrees to pay the initial costs; the chief of Indians and the equivalent of mayor undertakes to pay the upkeep costs. The result being that a three-way financial agreement must be reached in any given resident's area before the Air-Raid Protection Service can be fully developed. To this triumvirate is added, as the working head of the Emergency Air-Raid Protection Services, a trained specialist in Air-Raid Protection Service. He is called the air-raid manager but has functions more extensive than the Civilian Emergency Administration air-raid wardens. Within his ring and limited only by the financial assistance furnished him by the three local heads, he (except of course for the chain of command running up through the civil-service administrator) is the dominant air-raid chief. Cooperating with him, and under him, are the permanent heads of the following from peacetime departments, augmented by volunteers: Fire brigade, municipality health department, police department, and public works department.

These units are all thoroughly organized; and training of volunteers is more intensive than in the Civilian Emergency Administration.

Fire brigade.—The fire hazard is very well recognized (as it is in Singapore) and preparations to handle fires due to incendiary bombs have been carefully laid. Working in conjunction with the professional fire brigade are volunteer firemen, who not only add to the regular strength as a reserve force, but are specifically assigned special duties. Cities are subdivided into districts; within each district is at least one professional fire station, with the senior professional fire chief as district commander. Much extra equipment has been purchased and is on hand; more is on order. There are, for example, 45 fire engines in Batavia, some owned by Government departments, one by a private firm; 36 of them are in the fire departments. Big fire engines are held back in war and are sent out only when ordered by the fire chief, whose headquarters in war will be in the control room of the air-raid manager. There are available, in this group, some fire engines (10 Hales, and a mixture of others) which can be sent out by the district commander. Also, there are on hand 62 small fire carts, somewhat like the Singapore "trolleys," but larger and effective for fireplug use. These may be drawn by hand or attached as a trailer to a passenger car. They may, unlike the large engines, be sent out by the district fire chief. The basic idea is to keep control of the professional fire equipment centralized so that the main fires will be reduced first, regardless of districts or local clamor. Batavia has been divided into 7 districts for fire control, and in general its emphasis on fire prevention and control has produced effective results. Details have been worked out; for instance, alternate camouflaged fire stations have been made away from the permanent fire stations, and protection of the firemen from splinters has been undertaken by erecting splinter proofs. The effectiveness of these latter precautions is debatable.

Municipality health department.—Medical stocks are obtained by the military authorities for civilians, not by the Red Cross. Medical

stocks have already been obtained for use of hospitals now existing as well as additional hospitals which have been planned for. Distribution of medical supplies to civilians will be done through both the Red Cross and other civilian relief organizations. All doctors (necessary for any emergency work) will be compelled to devote one third of each day to emergency victims, one third to their own private patients, the other third is theirs for them to rest. A very elaborate system of first-aid stations and hospitals has been set up. Supplies and equipment are now installed, ready for immediate use. Private firms and businesses, as well as governmental departments, have emergency first aid, or better, equipment either actually set up or stored in adjacent rooms. Unlike Singapore, Batavia has already designated where all gas casualties will be taken, for both first aid and hospitalization. Special medical supplies and equipment for all such installations are on hand and are stored where they are quickly available. Decontamination squads also are organized and equipped. All members of the Air Raid Protective Services are issued gas masks. The Red Cross has organized a blood transfusion branch which works in complete cooperation with the Health Department head. A publicity campaign to obtain blood donors was successful, and the work of accumulating a sufficient supply of proper blood has progressed satisfactorily. The Red Cross has kept its identity in the Netherland East Indies and undertakes much of the nursing and other casualty preparation work. It has a 2-year course for Red Cross nurses, in conjunction with hospital work for them; and also undertakes first-aid instruction for those who are to help at first-aid posts. As an illustration of the scope of Red Cross activity, a complete hospital transport ship was outfitted and donated by it to the Australian Navy. The nursing and first-aid personnel that went with the transport were Red-Cross trained.

Under the Air Raid Protection Services, the police department's and public works department's functions are also placed in each resident area. The former, with its emergency added personnel, is responsible for the special safety and protection duties anticipated as resulting from bombing and fires. The public works department has special preparations made for all its normal work under emergency conditions; also, is particularly equipped and trained to repair immediately gas and water mains.

Army matters.—The principal duty of the Army officer in charge of this section is the maintenance of the closest liaison between the Army and all other sections of the state mobilization. He is also charged with detailed supervision and determination of all billeting matters connected with the movement of Government personnel and offices. Through close contact with the Navy officer on the state mobilization, decision as to Army-Navy exemptions or compulsory service is made.

Naval matters.—Emergency harbor precautions, including the destruction arrangements of their facilities are charged to him. All communication systems with which the Navy is connected comes under his supervision so far as they affect state mobilization functions. Liaison, of the closest nature, is maintained by him with the Navy and all members of the state mobilization heads, particularly with the Army in determining exemptions from service.

Miscellaneous.—Hidden under this title is the function of reducing to practical effect the scorched-earth tactics. A general staff officer, regular Army, has been given the task of arranging for the complete destruction of all property and resources, other than oil fields and refineries, that could conceivably help the enemy. This information is secret, and must be so treated. Over 30,000 trained men, properly equipped, are ready to dismantle all civilian automobiles; all railroads; all factories; and anything or any resource that can aid the enemy either directly or indirectly. Demolitions have been spotted and connected, as near as safety permits, for instant use. Men have actually rehearsed their assigned destruction jobs, and the time factor has been reduced to a certainty. The enemy will find nothing usable when it invades.

Oil matters.—Because of the great importance of oil, a reserve military officer who has had 20 years' oil experience in an important executive position, has been added to the "state mobilization" and given dictator powers over the entire oil business of the Netherlands East Indies. He has compulsory authority and has used it to force protective measures, such as shooting with bricks the outside of all tanks, camouflage, etc.; and to prepare for the instant destruction of all wells, refineries, and other equipment. Complete alternate transportation systems, over numerous substitute routes, have been prepared. Concrete tanks and steel barrels of reserve oil and gasoline have been stored underground for the known needs of the armed forces and civilians. As in other preparatory measures, the detailed plans are military secrets of vital importance and must be so treated. It can be accepted as a fact that there has been worked out to the utmost practical perfection, a complete oil safety scheme. Because oil is of such great importance to the economic life of the Netherlands East Indies, and because it in itself affords a primary incentive for attack by an enemy, it has been separated from the "miscellaneous" destruction plan and will be controlled directly by the officer charged with it to prevent any premature or fatally delayed action. Timing must be perfect either for protection or destruction; and it is believed that the arrangements made approach that ideal as near as is possible.

Legal adviser.—All matters of contracts, proclamations, and legal matters are passed upon by the legal adviser. Determination of the status of each component or suborganization under the "state mobilization," whether military, semimilitary, or civilian, causes him much worry. The semimilitary units are an artificial and arbitrary classification, for example, that places groups which draw pay from the governments, are in uniform; but have no weapons, in a status, he hopes, which will give them a prisoner-of-war status when captured—and, as a result, prevent them being shot as civilians who are assisting the military. This field is a twilight zone of legal pioneering in that the merging from military assistance given by the "scorched earth" workers to the functions legally performable by civilians under past rules of war is nothing less than a blur under the present chaotic condition of international law. Making "effectives" out of civilians in order to fight a total war, particularly if the enemy is an oriental, causes nightmares to the legal adviser. Civilians are not expected to fight, even against air-borne troops.

"To the Ladies of the Netherlands East Indies": Although not treated under any particular "state mobilization" function, the preparations

of the Netherlands East Indies would be incomplete if a remark was not made to the many aids given by various women's organizations. The sponsorship of many emergency women's organizations have been by individuals, but later have received tacit or express recognition by the "state mobilization" without apparent effort to integrate them. The Dutch names would not be helpful to understanding, so functions only will be generally treated. Women sew for soldiers, collect parcels and mail them; they prepare themselves as practical cooks to feed those whose homes are destroyed or from which they must evacuate; they are taking (100 in Batavia) daily driving lessons on public works department trucks to qualify themselves either to drive their families and themselves out of Batavia while their husbands are on other duty, if the need arises, or to aid Government functions if allowed; there has been a house-to-house visit of women to acquaint each occupant with practical preparations and instructions for all matters of air raid or evacuation or casualties; women have formed and run a registration service to ferret out specially needed qualifications of any nature desired by the Government, or to place any person in part- or full-time service; women aid in censorship; women are primarily the staff used in the blood-transfusion branch of the Red Cross. It appears, in fact, that all women of any social or professional patriotic caliber in the Netherlands East Indies are engaged in at least one activity directly helpful to the "Statemobilization" purposes.

APPENDIX O

REPORT TO THE NATIONAL EMERGENCY COMMISSION REGARDING REPORTS BY MAJ. C. Q. MARRON, UNITED STATES ARMY

OCTOBER 20, 1941.

The honorable the CHAIRMAN,
NATIONAL EMERGENCY COMMISSION, MANILA, P. I.

SIR: In accordance with the instructions contained in paragraph 4 of the minutes of the meeting held by the National Emergency Commission on October 8, 1941, your committee appointed to make a study of and submit a report on the confidential report covering inspection of Malaya and Netherlands East Indies emergency measures, by Maj. Cyril Q. Marron, dated September 18, 1941, to His Excellency, the United States High Commissioner to the Philippines, has the honor to make the following comments and recommendations.

Your committee held a meeting on Tuesday morning, October 14, at which the following members were present: Col. H. Gilhouser, who acted as chairman; Mr. Felipe Cuaderno, member; and Lt.-Col. Antonio Villalobos, in representation of Brig. Gen. Guillermo B. Francisco. Absent were Brig. Gen. Guillermo B. Francisco (chairman), who was about to depart on an inspection trip to the southern islands; Mr. Alfredo Eugenio, national air raid warden, who was in conference with the representatives of the Manila Gas Corporation, the Public Service Commission, and the city engineer; and Mr. Charles H. Forster, who had been called into conference by Lt. Gen. Douglas MacArthur on matters pertaining to the Red Cross.

(a) *Differences in concept and scope of the three emergency organizations.*—It is apparent that the titles used under the various Governments apply to the situations or conditions obtaining in the various countries concerned.

In the Netherlands East Indies the name "state mobilization" clearly indicates that, to all intents and purposes, actual war conditions exist.

In Malaya "Passive Defense Services" as used indicates that there is no actual war, and the civilian population is merely mobilized and being trained to assist in combating the enemy, should actual war conditions arise.

In the Philippines "Civilian Emergency Administration" is used to distinguish active defense conducted by the military from passive defense which pertains to activities essentially civilian in nature, and to make the civil population aware of the probability of war and to prepare them for such an eventuality.

(b) *Integration of civilian functions with the military.*—It is submitted that absolute integration or subordination of the civilian activities directly under the military authorities cannot be made under our form of democratic government without war conditions actually existing. The Civilian Emergency Administration must

concentrate on preparedness, and our work should be in such shape at all times, so that in case of emergency the whole set-up can be transferred to the military without obstacle or delay.

The Civilian Emergency Administration is very closely following the recommendations of the Emergency Planning Board whose membership was composed of officers of the United States Army and Navy and civilians, presided over by a military officer, and it is felt that should circumstances warrant or make it necessary, the whole administration can be taken over by the military authorities.

At this moment there is, however, noticeable the absence of effective liaison between the military and the Civilian Emergency Administration. The liaison officer, Lt. Col. E. C. Williams, who was formerly in charge of civilian affairs at Fort Santiago, has been relieved and as far as known no officer has been detailed in his place. This situation should be corrected immediately. An officer on the staff of the commanding general of the U. S. A. F. E. should be designated in charge of civilian affairs during the present emergency.

Such an appointment will be to the distinct advantage of the commanding general and will enable him at all times to keep informed of all activities of the Civilian Emergency Administration.

The Civilian Emergency Administration must naturally have a point of contact at military headquarters where the members of the administration may apply, without hindrance, for information covering military matters pertaining to the Civilian Emergency Administration.

It may be that more than one officer is necessary for the purpose in mind for it must be remembered that as time progresses the various problems of the Civilian Emergency Administration become more complex and broader in scope and one officer may not be sufficient for all purposes. A detail of two or three officers would, perhaps, bring about more satisfactory results.

Such a step, if now taken, will establish a definite point of relationship between the military authorities and the Civilian Emergency Administration.

It is, therefore, recommended that steps be promptly taken to provide for the detail at military headquarters of such personnel as may be necessary to bring about closer contact between the military authorities and the Civilian Emergency Administration.

(c) *Direct responsibility.*—The idea of “direct responsibility with corresponding authority” for the administrators of the Civilian Emergency Administration is epitomized on page 5 of Major Marron’s report, where he states, “the director (who is equivalent to the chairman of the National Emergency Commission) can get anything. When he wants a blast wall built anywhere he asks the Public Works Director to build it and the Government furnishes all materials and costs.”

Your committee fully subscribes to the need of making the Civilian Emergency Administration administrators more directly responsible for the activities assigned to them and recommends that the administrators be given a wide sphere of freedom in the proper carrying out of their activities, subject only to the control by the chairman of the National Emergency Commission. In other words, the Civilian Emergency Administration activities must be regarded as purely emergency measures and the regular governmental procedures covering normal activities should be set aside and made to give way to a

“direct responsibility with corresponding authority” policy whereby the administrators can act promptly without hindrance and can acquire equipment, materials, and supplies; employ necessary personnel for their work, etc., so long as the corresponding funds have been previously allocated to their corresponding administrations. They must undertake such activities as in their best judgment are conducive to a prompt and adequate result toward preparedness.

(d) *Black-outs*.—As far back as the middle of August 1941, in connection with the second black-out practice and long before the receipt of Major Marron’s report, now under study, the matter of holding black-outs for 2 or more consecutive nights was brought up at the meeting of the black-out committee of your commission. Mention of this fact is made here by way of concurring with Major Marron in the opinion he expresses on page 6 of his report that black-out drills should be for 2 or more consecutive nights and for longer periods. This has not so far been done in view of the difficulty experienced by the general public in obtaining materials needed for covering windows, doors, and lights during black-out practice.

(e) *Scorched-earth program*.—Your committee believes that, while this program will no doubt prove effective as a defense measure in highly industrialized countries, such action would probably accomplish no purpose in the Philippines, where developed resources, particularly food, are limited.

Our resources of any immediate value to the invader consist of food products which it would be more dangerous for the invader than for the invader to be without. Hence their destruction does not seem called for. Besides, should food supplies be destroyed, the invader has more ways than one of compelling the invaded to produce.

(f) *Destruction of bridges*.—Program for the destruction of bridges, etc., to impede the advance of invaders should be left to the authorities in charge of active defense—the military.

The following paragraphs on air-raid shelters, blast walls, splinter-proofs, organization of demolition and repair units, and organization and training of air-raid wardens prepared by Mr. Alfredo Eugenio, national air-raid warden, are incorporated in full:

(g) *Air-raid shelters*.—The policy adopted in the construction of air-raid shelters is the one given in the preface of the pamphlet on Rules and Regulations of the Civilian Emergency Administration, which says that, for lack of funds, air-raid shelters will be provided only for the protection of those employees of the Government who will have to be on duty during wartime, and private concerns will be encouraged to construct air-raid shelters for their own use, the Government extending necessary advisory service to them by way of preparation of plans and inspection work. This has been prompted by the studies made by the Civilian Emergency Planning Board, which has concluded that because of the low terrain in Manila and most centers of population in the Philippines, the construction of underground bombproof shelters for the public will be prohibitive.

Following the above policy, the amount of ₱250,000 has been appropriated from Civilian Emergency Administration funds, of which ₱195,000 was intended for construction of air-raid shelters. From those funds, air-raid shelters have been constructed in the following buildings: Post Office Building, Legislative Building, Intendencia Building, Customs House Building, Bureau of Science

Building, Agriculture and Commerce Building, Department of Finance Building, Bureau of Plant Industry Building, and In Mariquina.

The above projects are in reinforced concrete buildings of modern construction, which, according to authoritative opinion, can offer very good resistance against bombing.

Work is going on in buildings of masonry construction where walls can offer sufficient protection against blasts and splinters, particularly if the openings are sandbagged.

Up to the close of December, the amount of ₱135,268.85 has been expended in the construction of the above-mentioned air-raid shelters and for other purposes in connection with the function of the Air-Raid Wardens' Service. However, it is believed that there is still a necessity to appropriate funds for this purpose as, unless the office population of the city of Manila is evacuated as recommended by the undersigned some time last April, there will be a necessity of constructing more of these air-raid shelters for the Government employees on duty during wartime. It is believed that about ₱3,000,000 will be needed for this particular purpose alone.

Most reinforced concrete buildings of private ownership are preparing to sandbag their basements and ground floors for the protection of their occupants, but most of them seem to delay the work for financial reasons. Even if it is conceded that one-fourth of the city of Manila, residing in "danger zones," can be evacuated to less dangerous places, there is a necessity of providing adequate protection for those who will not be included in the evacuation scheme, this people numbering around 450,000. Considering that a maximum of ₱20 per head will be provided for air-raid shelter protection for these inhabitants there is need to appropriate ₱9,000,000 for the construction of blast-and-splinter-proof shelters for this purpose, as are now found in Singapore and Batavia. There seems to be a necessity of changing the existing policy regarding air-raid shelter construction in privately owned buildings which house large numbers of persons. Unless there is some way by which the owners of these buildings may be compelled to immediately undertake the provisions of air-raid protection for their employees and patrons, the progress in these buildings will be worse than "snail-pace." It is, therefore, recommended that the legal phase of the matter be carefully studied and immediately executed. It might be a good idea for the Government to either pay half of the cost of these air-raid shelters or to undertake the work at Government expense and to levy the same against property owners later on, similar to the plan that is being followed in England.

(h) *Blast walls.*—Under this project, attention is invited to the fact that in Singapore, as Major Marron reports, where the erection of blast walls is encouraged, the streets are generally as wide as our wide avenues. On the other hand, in Manila, where the streets are generally much narrower, the construction of these blast walls outside of the buildings will add to our already serious traffic problem. If the house owners, however, can be made to agree, these blast-proof walls can be constructed inside of their buildings. This, however, is to be undertaken only where the walls are not thick enough to resist blasts and splinters, as prescribed in specifications on Air-Raid Shelter Construction, issued by the War Department in Washington. The protection of people who find themselves in the streets and stores during busy hours is a very important matter. Hence, each and

every store should have blast-and-splinter-proof walls, behind which the people can hide in an air attack.

(i) *Splinter-proofs*.—The construction of underground splinter-proof shelters has not been adopted by the Civilian Emergency Administration because of the difficulty of draining the ground water from them, and we are well aware of the fact that unless these underground shelters can be made bombproof, they are only death traps. The construction of small-capacity splinter-and-blast-proof shelters, wholly above ground surface, therefore, is being encouraged. Several hundreds of plans of this type of shelter have been acquired by the public. However, where there are modern reinforced concrete buildings provided with strong thick walls, which are in themselves blast and splinter proof, the conversion of suitable refuge rooms in these buildings is being encouraged in preference for separate blast-and-splinter-proof shelters in the yards.

(j) *Organization of demolition and repair units*.—The organization and training of demolition and repair units in the Philippines is well under way. This activity has been placed by Executive Order No. 337 in the hands of the district and city engineers.

These engineers have, in most cases, organized and trained the volunteer guard units assigned to these services; and in provinces where the volunteer guards have not yet been fully organized the district engineers have grouped their building and road construction personnel to serve as rescue and demolition repair units in the event of an emergency. This Government personnel are well versed in construction and demolition work and need no further training in this respect. District and city engineers' organizations are well provided with the necessary equipment to perform any demolition and repair work common to bombed areas.

A detailed report on this phase of Civilian Emergency Administration activities can be submitted if desired.

(k) *Organization and training of air-raid wardens*.—With regard to the air-raid wardens' service, I am glad to report that the organization and training of this unit of the Civilian Emergency Administration is well under way. At the present time, approximately 30,000 air-raid wardens throughout the Philippines have been duly appointed and are undergoing training. I am enclosing herewith a copy of the outline of instructions furnished to these air-raid wardens in London and New York. The organization of the air-raid wardens' service in the Philippines, in accordance with the rules and regulations of the Civilian Emergency Administration, is more or less as follows:

NATIONAL AIR-RAID WARDEN

Provincial air-raid warden.

- 1 chief deputy provincial air-raid warden.
- 3 provincial deputy air-raid wardens.
- Municipal air-raid warden.
- 1 chief deputy municipal air-raid warden.
- 3 municipal deputy air-raid wardens.
- 1 air-raid warden for every 500 inhabitants.
- 5 assistant air-raid wardens for each group.

City air-raid warden.

- 1 chief deputy city air-raid warden.
- 3 assistant deputy air-raid wardens.
- 1 district air-raid warden for every 10,000 inhabitants.
- 1 chief deputy district air-raid warden.
- 3 deputy district air-raid wardens.
- 1 air-raid warden for every 500 inhabitants.
- 5 assistant air-raid wardens for each group.
- 1 special assistant air-raid warden for every building housing more than 75 persons.

It is interesting to note that while the Civilian Emergency Administration was organized, and its members were appointed, only on April 1, 1941, or soon after the receipt of the report of the Emergency Planning Board at Malacanan—from the reports of Major Marion it is seen that Singapore had been preparing long before that date. Although its passive defense service has been only “recently energized.” And as a matter of fact, the regulations governing its present organization was signed by the Governor since February 5, 1941. In the case of the Netherlands East Indies, it was since September 1939, that it reduced its preparations into execution, and efforts were “accelerated” since May 1940. It is, therefore, hoped that our Civilian Emergency Administration preparations may also be accelerated in due time, provided funds will be made available.

(l) *Fire-fighting equipment.*—Auxiliary fire-fighting brigades have been organized by the Civilian Emergency Administration. However, it is understood that there is lack of fire-fighting equipment throughout the country. A campaign should be conducted at once to induce owners of buildings, private individuals, and commercial houses to organize and train in their establishments fire-fighting units. All owners of buildings, commercial houses, including government buildings should also be required to provide and keep in storage in easily accessible locations within their premises, supplies of sand and implements needed for putting out incendiary bombs. The trolleys used in Singapore are cheap and handy. Such trolleys consist of simple wooden 3-small wheel carts carrying 3 filled tins of water, stirrup, pump and hose, 1 sand bin, 1 shovel, 1 bomb hood, and 1 snuffer shield for protection against sparks of spluttering fire bombs, the cost of which is ₱45—complete.

(m) *Relief organization—Philippine Red Cross.*—There follows hereunder a report prepared by Mr. Charles H. Forster, manager of the Philippine Red Cross. This report very clearly indicates the preparatory work which has been done by his organization in cooperation with the Department of Health and Public Welfare as well as the military authorities.

While it may have been advisable, in Singapore, to eliminate all civic and charitable organizations from participation in the actual preparatory work, such as the “St. John’s Ambulance Brigade Overseas”, it is felt that the work entrusted to the Philippine Red Cross is on an entirely different basis.

Perhaps a closer integration of the Red Cross with the Department of Health and Public Welfare would be desirable and your committee recommends that this point receive further consideration on the part of the National Emergency Commission.

We must not overlook the fact that the Philippine Red Cross is in no way comparable to the “St. John’s Ambulance Brigade Overseas” or to any other charitable organization or institution. The Philippine Red Cross, under the supervision of the American Red Cross, is a Government institution, is recognized as such, and is definitely recognized as the governmental relief organization in disaster, coming either from nature, or being man-made—such as war.

Your committee feels that this work is in competent hands, and especially, since a great deal of the money for the operation of the Red Cross comes from the United States, this organization is in a preferential position to effectively carry out the work which has been assigned

to it. At this time, it is also to be noted that certain additional Army and Navy personnel has recently arrived from the United States to specifically look after the welfare of the armed forces in the Philippines; all this work, however, is to be done directly under the local Red Cross organization, thus indicating a practical integration of this organization with the military forces.

MR. FORSTER'S COMMENTS

(*m-1*) There is no fundamental difference in the objectives of state mobilization in the East Indies, passive defense in the Straits Settlements, and the Civilian Emergency Administration in the Philippines. The difference appears to lie in the placing of responsibility. In the Philippines, as in the United States and the British Empire, a large measure of responsibility for civilian defense is placed upon civilian agencies. It should not be anticipated that civilian responsibility, geared to deal with war conditions, will break down, or that it will fail in the tasks assigned to it, unless it is integrated with the military. By integration, the military would be responsible for civilian defense, and burdened with a responsibility that should not be theirs. It would be regrettable if civilian agencies, both governmental and private, could not organize and adapt their forces to undertake civil defense in all its phases. Civilian responsibility is a principle of democratic government.

However, an administrative agency created by the civil government, and made responsible for civil defense, must maintain perfect coordination with the active defense forces. It must be trained and prepared to remove civilian obstacles that would handicap active defense. It must make its plans, it must train civilians to carry them out, it must coordinate them with military planning and strategy, but after lines of action have been decided upon the responsibility for accomplishment will be left to the civil authorities. This kind of coordinated efforts, with its placing of responsibility, was successful in the World War, and it has been made effective in the current emergency.

Major Marron's report suggests deficiencies in our Civilian Emergency Administration. However, these deficiencies do not warrant an assumption that passive defense should be integrated with the military. Deficiencies can be corrected without changing the form of administration. Frank and constructive criticism between the various administrative units should be welcome, for the efficiency of one administrative unit depends upon the efficient operation of the others. If one unit fails, other units are likely to break down.

Camouflaging the real purposes of the Planning Board, and the purposes of the Emergency Administration later organized, may have handicapped our work in its beginnings. When administrative responsibility for "evacuation, welfare, and morale" was placed upon the Philippine Red Cross last April, all its peacetime services were reorganized to deal with conditions caused by war. We consulted the United States Army authorities, and other responsible sources of information, to get a picture of what might happen and what measures should be taken to meet given situations. A civil defense institute was hastily organized. It met in Baguio last April. About 300 members of the Red Cross staff were trained to undertake the preparation of reception areas, to conduct a census of vulnerable areas, and

to organize these areas for rapid evacuation. Offices were opened in 38 reception areas, in 16 vulnerable areas in Manila, in the city of Cavite, and in the Province of Bataan. As the work proceeded the United States Army authorities were constantly consulted.

Our one purpose was to set plans, and to execute such plans in coordination with military movements, to get the helpless part of the population out of the way and to maintain morale in the rear. These plans included the organization of reception areas for the 300,000 or more evacuees, to make provisions for cars, and to establish them as productive communities by the organization and financing of cooperatives and other similar measures. A member of our Civil Emergency Service staff is now in China studying the Chinese Industrial Cooperatives. Our purpose was to try to carry out evacuation and at the same time conserve the productive capacities of the evacuees.

We realized very soon that success or failure depended upon the success or failure of other units, especially those responsible for public health, first aid and emergency hospitalization, food supplies, water supply, and sanitary facilities. We therefore decided to actively cooperate with these units. This we have done at our best ability. We brought over a first-aid expert from the national headquarters of the American Red Cross in Washington. We suggested and cooperated in carrying out the Victory garden plan. We now have stored in Manila, and en route from America, more than a quarter of a million pesos, worth of medical and relief supplies, including 10 complete 50-bed emergency units. We have more than 100 of our personnel, especially trained for this particular service, on this detail, and they will be kept on the job, keeping preparatory measures at the proper pitch and up to standard. We recognize that the situation may change, requiring an entirely new set of measures. We are holding ourselves in readiness for such a contingency. We will spare no effort to help the Civilian Emergency Administration to carry the burden of civilian defense, for which it was created by the President of the Philippines, and to cooperate with other administrative units.

Major Marron states that the Civilian Emergency Administration of the Philippine Islands compared with the State mobilization in the East Indies and the Passive Defense Service, in the Straits Settlement, is farthest removed of the three from the total war concept, and that the Civilian Emergency Administration, compared with the other two, is concerned with an enormously expanded, peacetime emergency program—in other words, a supersized peacetime emergency organization.

On this statement I differ with Major Marron. The purpose of the Civilian Emergency Administration is definitely to set up administrative units, to formulate plans, to organize, to establish procedures, and to train personnel to deal with all phases of a total war emergency in the Philippines, excepting what is called the scorched-earth policy. This scorched-earth policy cannot be carried out in a nation like the Philippines, made of islands, 90 percent or more rural, with only one metropolitan industrial area. To carry out a scorched-earth policy here would help the enemy. A scorched-earth policy can be carried out in China or Russia, with their vast rear areas to which the civilian population can retreat into comparative safety, but such a policy would be of little value in a territory where no rear areas exist to which the civilian population can retire into safety.

It would mean annihilation to a large part of the civilian population through starvation, privation, and disease. The invading army would undoubtedly take into consideration the matter of supply for themselves by sea and by air, while the civilian population, by destroying all resources, would be destroying their own means of survival. Total war in one area does not set up a standard for total war in another area.

Major Marron states that the program of the Civilian Emergency Administration is built up to meet a disruption of normal life due to a huge disaster from natural causes. May I point out that many measures, set up to meet natural disasters, are precisely the measures required to meet man-made disasters. The following paragraphs are being included in this statement, not merely for the purpose of describing Red Cross responsibility, but to point out the position taken by the American Red Cross that measures to deal with disruption of normal life caused by a huge disaster from natural causes can be adapted to and utilized in wartime, and that such transition can be effected speedily and smoothly, and to show that, with the exception of a few phases, measures set up to take care of huge disasters caused by nature can hardly be distinguished from measures set up to deal with the disruption of civil populations due to war.

The American National Red Cross, a civilian voluntary-service organization, set up by law, and the largest relief organization of its kind in the world, has, from time to time, been called upon to assume responsibility for natural disasters affecting entire populations. A National Defense Bulletin issued by the American Red Cross, Washington, D. C., on May 15, 1941, states:

Underlying all Red Cross activities related to national defense is the basic assumption that its peacetime organization, program, and experience will be adapted to, and utilized in, wartime, and that such transition will be effected speedily and smoothly.

It further states:

That the Red Cross is now susceptible of ready expansion without fundamental change to meet any increased responsibilities of national defense or war. During recent years it has, as occasion demanded, in time of disaster, expanded with a rapidity and in total number of personnel to a degree exceeding even that which was necessary during the World War. * * * It is possible thus to approach with confidence the expansion of the Red Cross necessitated by present national defense activity and to contemplate further expansion which would be necessary in event of actual war.

While the functions of many governmental civilian agencies have been increased in recent years, the Army and Navy are expecting the Red Cross, in event of future war, to conduct its basic, traditional services—not only those related to the medical departments but also those concerned with morale and those representing service to civilians who may be involved in a theater of operations or in areas of forced or voluntary evacuation.

The Philippine Red Cross, as a civilian agency, and as an administrative unit responsible to the Civilian Emergency Administration, is following out the principles quoted immediately above.

It matters little whether certain administrative units of the Civilian Emergency Administration, in their preparatory measures, visualize disruption of population due to huge natural disasters or man-caused disasters. They run almost parallel. As a matter of fact, preparations for the disruption of normal life due to war can be set up with greater facility and efficiency because we can foresee with a fair

degree of accuracy the nature and scope of the destruction and also the localities in which the destruction will occur. In sudden, natural disasters this is not possible.

The Civilian Emergency Administration, with the assistance of the Army and by study of experiences in countries now at war, has drawn up for itself a picture of what disruption caused by war is likely to be and the localities which it may occur in. Since last April, as a civilian agency, it has been preparing measures to meet this disruption.

(n) *Food Administration.*—The greatest problem of the Civilian Emergency Administration, of course, is the question of food supplies. The Food Administrator is devoting much time toward encouraging the local population to preserve foods and store them for future use. He is also encouraging the planting of Victory gardens with quick-growing crops. In addition he constantly checks on all matters which refer to corn and rice cultivation (the two principal cereal crops in the Philippines), reports of progress under all these headings have currently come to the attention of the Administrators, and in this respect, it is felt that the only thing to be done is to continue encouraging the local population in their efforts to plant food crops and preserve every item and every scrap of food which can be raised within the country.

The more important phase of the food situation is the apparent lack of canned foods and quantity of rice from overseas. This is primarily due to the shortage of ships and consequent difficulty in obtaining bottoms to carry supplies to the Philippines.

It has also been noted that the Food Administrator, apparently, is not clothed with sufficient authority to make purchases abroad of important necessary food supplies on his own initiative. Since there appears to be a reluctance on the part of the leading commercial houses to bring in food supplies at their own risk, it is the belief of your committee, that the Food Administrator should have authority to purchase and lay in supplies of canned staple foods which will provide for a minimum of a 6-month reserve.

In this respect, the Food Administrator should be able to function by merely obtaining the approval of the Chairman of the National Emergency Commission for any and all purchases which he deems necessary to provide for this reserve.

In the recommendation of the Emergency Planning Board, page 4, section (b), it was recommended that the Commonwealth authorities promptly cause a suitable reserve stock of food supplies to be established in suitable locations by either: (a) Acquiring and storing such stock at the Commonwealth Government's expense; or by (b) encouraging suppliers of these items to build up the necessary reserve stock with a definite arrangement that in case of emergency the Government will requisition and pay for such stock on an equitable basis. If no emergency develops, the Government will insure suppliers against loss in disposal of such stock.

Storage for these reserve stocks should be established in localities that will be reasonably free from bombing attacks and which would facilitate the distribution of supplies to areas known to be in need thereof.

Under this recommendation, and since suppliers have not undertaken to establish reserves, it appears that the obligation has been definitely shifted to the shoulders of the Commonwealth Government

and it would, therefore, seem that the Food Administrator should have full and complete authority, subject to the supervision and control of the Chairman of the National Emergency Commission, to lay in such supplies as in his judgment will provide for a 6-month reserve.

At the same time your committee feels that the distribution of staple food supplies to the indicated reception areas of evacuees should be undertaken immediately. First as a measure for protecting an unusual influx and increase of population in the reception areas; and second, because of the difficulties which may be encountered in the event of an emergency, due to the lack of transportation, or due to the inability to use roads leading to these areas, which may be under the absolute control of the military for war measures.

(c) *Industrial Production Administrator.*—The only reason for comment in respect to this Administrator is because his duties are so closely linked with those of the Food Administrator. The canning of meat and packing of fish which are two of the most important staple food items, has been actively undertaken and much progress has been made.

In order to provide encouragement to this industry and in order to accustom the local population in the consumption of locally canned foods, it is recommended that all staple canned and packed food supplies produced by the Industrial Production Administrator be purchased by the Food Administrator and stored for emergency purposes, at the same time endeavoring to place these products on the local market through the National Trading Corporation.

Comment has been heard that certain brands of canned meats and fish from abroad are better in quality and palate than those locally produced, but in this respect, your committee invites attention to the fact that the entire situation is an emergency; and that in the event of shortage from abroad, locally produced supplies, no matter how inferior to those brought from abroad, are better than no supplies at all.

Your committee feels that this is an excellent time to introduce and to accustom the population of the Philippines to purchasing and consuming staple items canned and packed in the Philippines.

CONCLUSION

In reference to the recommendations of Major Marron, which appear on pages 6 and 7 of his report, your committee submits:

First. Planning is definitely being done on the pessimistic side. No Administrator entertains any optimistic views regarding the present situation. It is undoubtedly somewhat difficult to inculcate a true spirit of pessimism into the civilian population as a whole, but this can in no way be construed as applying to the Administrators themselves.

Provincial and municipal emergency committees should be compelled to realize the seriousness of the situation and they should be made to appreciate the fact that there is not only a possibility, but a probability that this country may be compelled to defend itself against a foreign foe. But even in this respect, progress is actually being made, and the responses received from outlying points definitely indicate that Provincial and Municipal Administration Units are deeply concerned in preparatory measures for emergency and are cooperating to the extent of their ability.

At no time, since the Civilian Emergency Administration has been organized, has it the slightest idea of lulling the people into the mistaken belief of security. The vulnerability of the Islands has been commented upon and repeatedly pointed out; and the people have always been informed that their safety depends upon their complete and full cooperation in the national plans for defense and security.

Second. Your committee does not concur in the opinion that a complete integration with the military must be made. Nor does the committee believe that there is any desire on the part of the commanding general for any such integration at this moment, or that he would care to assume the responsibility of preparing protective measures in the sense of passive defense for the civilian population.

As pointed out in the early part of this report, military officers should be detailed, in charge of civilian affairs at the headquarters of the commanding general. These officers should at all times be available for consultation by the Administrators. These officers should be fully informed of what is going on and what is being done and thus provide a definite link between the Civilian Emergency Administration and the commanding general.

Third: Just what is intended by the term "revitalization of the Civilian Emergency Administration" is not clearly understood. From our contact with the Administrators, in general, the committee feels that every person is cognizant of the facts of the situation, and every Administrator is making every effort to faithfully perform the duties entrusted to him.

While no doubt much more must be accomplished and a more effective contact with provincial organizations is undoubtedly desirable, we, nevertheless, feel that each and every Administrator is performing his duties to the best of his ability.

In reference to having all activities supervised by trained and qualified experts and checked by competent umpires, the question arises where these experts and umpires may be obtained. Your committee feels in this respect that we are all in the same boat, that we have learned by the example of others and that we are still having a great deal to learn. However, since no experts and competent umpires are available as far as known to us, we should perhaps defer such action for some later date.

If the military can furnish qualified experts and competent umpires for the matters under the control of the Civilian Emergency Administration, the services of such experts and umpires are recommended to the National Emergency Commission, and the services of such experts and umpires in an advisory capacity would in the judgment of your committee be justified.

Respectfully submitted.

H. GILHOUSER,
Fuel and Transportation Administrator, Acting Chairman.

CHARLES H. FORSTER,
Manager, Philippine Red Cross, Member.

ALFREDO G. EUGENIO,
National Air Raid Warden, Member.

F. CUADERNO,
Director of Communications, Member.

APPENDIX P

CONTROL OF THE EXPORT OF CERTAIN ARTICLES AND MATERIALS BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas section 6 of the act of Congress entitled "An act to expedite the strengthening of the national defense," approved July 2, 1940, provides as follows:

SEC. 6. Whenever the President determines that it is necessary in the interest of national defense to prohibit or curtail the exportation of any military equipment or munitions, or component parts thereof, or machinery, tools, or material, or supplies necessary for the manufacture, servicing, or operation thereof, he may by proclamation prohibit or curtail such exportation, except under such rules and regulations as he shall prescribe. Any such proclamation shall describe the articles or materials included in the prohibition or curtailment contained therein. In case of the violation of any provision of any proclamation, or of any rule or regulation, issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than two years, or by both such fine and imprisonment. The authority granted in this section shall terminate June 30, 1942, unless the Congress shall otherwise provide.

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the aforesaid act of Congress, do hereby proclaim that upon the recommendation of the Administrator of Export Control I have determined that it is necessary in the interest of the national defense that on and after August 27, 1941, the following-described articles and materials shall not be exported except when authorized in each case by a license as provided for in Proclamation 2413, of July 2, 1940, entitled "Administration of section 6 of the act entitled "AN ACT To expedite the strengthening of the national defense" approved July 2, 1940:

All military equipment or munitions, or component parts thereof, or machinery, tools, or material, or supplies necessary for the manufacture, servicing, or operation thereof, in addition to the articles and materials the exportation of which is prohibited or curtailed by any proclamation heretofore issued under the authority of section 6 of the act of July 2, 1940, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the city of Washington this 27th day of August, in the year of our Lord nineteen hundred and forty-one, and of the Independence of the United States of America the one hundred and sixty-sixth.

[SEAL]

FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL,

Secretary of State.

APPENDIX Q

DECEMBER 23, 1941.

PRESS RELEASE—OFFICE OF THE HIGH COMMISSIONER RESPECTING THE SAFEGUARDING OF UNITED STATES GOVERNMENT SECURITIES AND CURRENCY

In order to protect the interests of rightful owners or holders of United States Government securities, checks, and currency in the Philippines, the Treasury Department has approved the registration and deposit of these securities, checks, and currency with the United States High Commissioner for the duration of the national emergency declared by the President of the United States on May 27, 1941.

The owner or holder of United States Government securities, checks, or currency to be deposited should prepare an affidavit in six counterparts, clearly numbered 1 to 6, setting forth:

1. Name, address, and citizenship of affiant and of all persons having any interest in the securities, checks or currency listed and the nature of such interests.

2. List of securities by title, loan, interest rate, denomination, serial number, form of registration if registered, number and dates of coupons or coupon securities, and a description of any tax or other stamp or notarial or similar seal of a blocked country which may appear on such securities.

3. Date and source of acquisition of coupon securities by present owner or holder.

4. In the case of currency, a list of such currency by kinds and denominations, and, in the case of Federal Reserve notes, the name of the bank of issue.

5. In the case of Government checks, that is, government checks drawn on the Treasurer of the United States or other authorized depository, a list of such checks by dates, amounts, name of payee, name of drawer, symbol number (if any), and names of endorsers (if any).

6. A request that the securities, checks or currency be accepted for safekeeping during the national emergency declared by the President on May 27, 1941.

7. A request that, in the event of destruction of such securities, checks or currency, substitute securities, checks, or currency, or check in payment be issued by the Treasury Department and be held for the account of the depositor or delivered to a designated bank, corporation, or individual in the continental United States.

8. The affiant shall execute each counterpart of the affidavit under oath in the presence of the officer or agent designated by the High Commissioner.

9. The list of securities, checks, and currency shall be checked against the items deposited and the designated officer or agent shall

certify under official seal on each counterpart as to the deposit and verification.

10. Counterparts Nos. 1 through 3 shall be forwarded by the High Commissioner by separate means to "Treasury Department, Washington, D. C.;" counterpart No. 4 shall be retained by the designated officer or agent; counterpart No. 5 shall be delivered to the depositor; counterpart No. 6 shall be placed with the securities, checks, and currency in a sealed envelope which shall be properly identified.

In the event of the destruction of securities, checks or currency so deposited, if the evidence is satisfactory and acceptable to the Secretary of the Treasury, and subject to all applicable law, substitute securities, checks, or currency, or check in payment will be issued by the Treasury Department and be held for the account of the depositor or delivered to the designated bank, corporation or individual in the continental United States.

The President of the United States, the Secretary of the Treasury, and the Secretary of the Interior have approved this procedure. The purpose is to give registration and protection insofar as may be possible to the securities held by persons, companies and institutions.

A special office for the purpose of deposit and registration will be opened at the National City Bank of New York Manila Branch beginning 10 a. m., Tuesday, December 23.

Mr. Woodbury Willoughby and Mr. F. C. Bailey have been designated by the High Commissioner as agents to receive securities, currency, and checks accompanied by affidavits.

APPENDIX R

WASHINGTON, *December 24, 1941.*

RADIO RECEIVED (RCA).

No. 725—Clear.

SAYRE,

Manila:

Following from Treasury: Re your telegram of December 19, 1941 on enemy property:

On December 18, 1941, the President approved the first War Powers Act, 1941 (Public, No. 354, 77th Cong.). Sections 301 and 302 of title III of such act read as follows:

TITLE III. TRADING WITH THE ENEMY

SEC. 301. The first sentence of Subdivision B, section 5, of the Trading With the Enemy Act of October 6, 1917 (40 stat. 411), as amended, is hereby amended to read as follows:

"I. During the time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, and under such rules and regulations as he may prescribe, by means of instructions, licenses, or otherwise

"A. Investigate, regulate, or prohibit, any transactions in foreign exchange, transfers of credit or payments between, by, through, or to any banking institution, and the importing, exporting, hoarding, melting, or earmarking of gold or silver coin or bullion, currency or securities, and

"B. Investigate, regulate, direct and compel, nullify, void, prevent or prohibit, any acquisition holding, withholding, use, transfer, withdrawal, transportation, importation or exportation of, or dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any interest, by any person, or with respect to any property, subject to the jurisdiction of the United States; and any property or interest of any foreign country or national thereof shall vest, when, as, and upon the terms, directed by the President, in such agency or person as may be designated from time to time by the President, and upon such terms and conditions as the President may prescribe such interest or property shall be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States, and such designated agency or person may perform any and all acts incident to the accomplishment or furtherance of these purposes; and the President shall, in the manner hereinabove provided, require any person to keep a full record of, and to furnish under oath, in the form of reports or otherwise, complete information relative to any act or transaction referred to in this subdivision either before, during, or after the completion thereof, or relative to any interest in foreign property, or relative to any property in which any foreign country or any national thereof has or has had any interest, or as may be otherwise necessary to enforce the provisions of this subdivision, and in any case in which a report could be required, the President may, in the manner hereinabove provided, require the production, or if necessary to the national security or defense, the seizure, of any books of account, records, contracts, letters, memoranda, or other papers, in the custody or control of such person; and the President may, in the manner hereinabove provided, take other and further measures not inconsistent herewith for the enforcement of this subdivision.

II. Any payment, conveyance, transfer, assignment, or delivery of property or interest therein, made to or for the account of the United States, or as otherwise directed, pursuant to this subdivision or any rule, regulation, instruction, or direction issued hereunder shall to the extent thereof be a full acquittance and discharge

for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect to anything done or omitted in good faith in connection with the administration of, or in pursuance of and in reliance on, this subdivision, or any rule, regulation, instruction, or direction issued hereunder.

III. As used in this subdivision the term "United States" means the United States and any place subject to the jurisdiction thereof, including the Philippine Islands, and the several Courts of First Instance of the Commonwealth of the Philippine Islands shall have jurisdiction in all cases, civil or criminal, arising under this subdivision in the Philippine Islands and concurrent jurisdiction with the district courts of the United States of all cases, civil or criminal, arising upon the high seas: *Provided, however*, That the foregoing shall not be construed as a limitation upon the power of the President, which is hereby conferred, to prescribe from time to time, definitions, not inconsistent with the purposes of this subdivision, for any or all of the terms used in this subdivision.

SEC. 302. All acts, actions, regulations, rules, orders, and proclamations heretofore taken, promulgated, made, or issued by, or pursuant to the direction of, the President or the Secretary of the Treasury under the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, which would have been authorized if the provisions of this act and the amendments made by it had been in effect, are hereby approved, ratified, and confirmed.

You will note that these sections amend section V-B of the Trading With the Enemy Act of October 6, 1917, as amended, pursuant to which freezing control has been administered.

With the approval of the President, and for the purpose of dealing with the Philippine situation, all of the powers and authority conferred upon the President under the above-quoted provisions of law are hereby delegated to you insofar as the Philippines are concerned.

In addition, I am allocating \$100,000 from appropriation entitled "2020120, Salaries and expenses, Foreign Exchange Control, 1942" to cover your initial expenses in carrying out this program. Please forward to me at once an estimate of the amount of funds (by month) that you feel you will need during the next three months.

It will of course be necessary for you, in cooperation with the military and Commonwealth Government authorities, to formulate a program for dealing with this emergency situation. We will be glad to cooperate with you and offer advice and suggestions on any points you may care to raise but we do not want you to feel that you must wait for instructions from Washington. You will be advised from time to time as plans are developed for dealing with enemy property.

The powers conferred by the statute are very broad. Congress expects that complete records will be established and maintained with respect to property seized or otherwise received in your custody. Please be guided accordingly.

You are authorized to take any steps you deem appropriate to make public the authority herein conferred on you. H. Morgenthau, Jr., Secretary of the Treasury.

SWOPE.

Received December 27, 1941.

APPENDIX S

WASHINGTON, *December 26, 1941.*

Radio Received (Navy, Corregidor).
No. 727.

UNITED STATES HIGH COMMISSIONER:

Following from Secretary of the Treasury: We have received cable from Manila Clearinghouse urging President take immediate action on question of protection bank reserves.

Cable No. 725 sent to you on December 24 gives you full and ample authority to take any and all steps you deem appropriate to take over for safekeeping and destruction any reserves or assets in or with banks, brokers, safe-deposits companies, insurance companies, or elsewhere, including any form of currency, coin, bullion, securities, drafts, checks, negotiable paper, etc. This authority is by no means confined to property owned by enemy nationals, but extends to such property no matter who is the owner.

As indicated in cable No. 725 you do not have to wait for further or specific instructions from Washington.

In particular you are fully authorized by the President to take whatever steps you deem necessary to prevent such assets and reserves from falling into the hands of the enemy.

The President states that if you have the time you should destroy such assets and reserves before competent witnesses and make records, or take the property to Corregidor, but that if there is not sufficient time, you should nevertheless destroy such assets and reserves, whether or not records are kept. The primary purpose is to keep the property from falling into the hands of the enemy.

The President will very shortly issue an order freezing assets in the United States belonging to residents and business institutions in those portions of the Philippines that are overrun by the enemy.

SWOPE.

Received December 27, 1941.

APPENDIX T

DEPARTMENT OF THE INTERIOR

INFORMATION SERVICE

DIVISION OF TERRITORIES AND ISLAND POSSESSIONS:

The United States High Commissioner to the Philippine Islands, Francis B. Sayre, today made public the list of persons believed to have been interned in Manila. This list of more than 1,500 names came into the possession of High Commissioner Sayre shortly after Manila was occupied by the Japanese.

Persons listed, mostly American citizens, but with a considerable number of British nationals among them, are believed to be in buildings formerly occupied by the University of Santo Tomas, a large university on the outskirts of Manila. High Commissioner Sayre emphasized that the accuracy of the entire list could not be guaranteed.

Examination of the list by the Philippine section of the Division of Territories and Island Possessions indicates that the entire American civilian population of Manila was not included. There is no further information as to the whereabouts and welfare of people not included in the list.

"It was difficult and dangerous to attempt to communicate with Americans in Manila," Commissioner Sayre said. "Heavy penalties might be inflicted upon persons suspected of communicating with American authorities in the unoccupied area. We understand that the Japanese were permitting family servants of interned persons to bring food to them. In cases where this was not possible, the Philippine Red Cross was supplying food. We have also heard that restrictions have been relaxed recently to permit many of the women and children to return to their homes."

He also reported that the International Red Cross now is trying to secure the appointment of a Swiss citizen, now in Manila, as its delegate. Once this has been accomplished, the information received from the International Red Cross representative regarding persons in Manila will be forwarded to the next of kin by the Information Bureau, Office of the Provost Marshal General, Washington, D. C. The Provost Marshal General's Office maintains direct contact by cable with the International Red Cross at Geneva, keeps records pertaining to all internees and prisoners of war, and conducts correspondence regarding them. Inquiries about Americans last known to be in the Philippines are accepted by local chapters of the America Red Cross.

The list follows:

| | | |
|------------------------|-----------------------|------------------------|
| Aalten, H. van | Agnew, C. G. | Allen, Robert |
| Abarbanell | Agnew, Mrs. | Alley, Mrs. Lillian |
| Abarbanell, Marcelle | Airriess, Eric M. | Almy, Mrs. Clifford E. |
| Abarbanell, Michael | Ale, F. H. | Alston, W. G. |
| Abraham, Miss Marjorie | Alexander, J. C. | Allison, Mrs. R. R. |
| Adrian, M. J. | Alexander, Mrs. J. C. | Amers, A. P. |
| Adrian, Mrs. M. | Allan, J. C. | Ames, Mrs. Aubrey |

Anderson, C.
 Anderson, Mrs. A. B.
 Anderson, C. S.
 Anderson, D.
 Andres, Antonio
 Andres, Mrs. J. C.
 Andrews, Mrs. Ray, and
 child
 Anney, Mrs. W. E.
 Apelseh, K. A.
 Aplin, Mrs.
 Aplin, T. D.
 Arctander, Mrs. L. E.
 Arida, J.
 Arick, M. R.
 Armstrong, C. W.
 Ariandiaga, P.
 Ashley, Master Allen
 Ashley, Mrs. J. M.
 Ashley, Miss Muriel
 Atkinson, Mrs. E. F.
 Atkinson, E. P.
 Atkinson, W. A. R.
 Aubrey, Miss J.
 Aubrey, Mrs. M.
 Ayres, Glen
 Ayres, Mrs.
 Bachledler, L. J.
 Bailey, F.
 Bailey, Mrs. F. C.
 Bailey, Daughter
 Baldwin, Newland
 Baldwin, Mrs. Newland
 Baldwin, Miss Alice
 Bales, Mrs. Jenny
 Balfour, W.
 Balis, D.
 Ballon, E. H.
 Barkas, Master Billie
 Barnes, Miss Carroll
 Barnes, G. S.
 Barnes, Mrs. G. S.
 Barnes, Miss Georgia
 Barnes, J. W.
 Barnes, Mrs. J. W.
 Barnes, R. P.
 Barnes, Mrs. R. P.
 Barnes, W. F.
 Barr, Mrs. H. L.
 Barr, Mrs. J. M.
 Barr, R. W.
 Barr, W. E.
 Bartgis, F. R.
 Barth, Mrs. Phyllis
 Baskerville, R. E.
 Baskerville, Mrs. Ralph
 Bass, A. H.
 Bateman, J.
 Bateman, J. J.
 Bateman, Sallie
 Baumann, Carl
 Baxter, Miss Isabel
 Baxter, John C.
 Beaman, Miss Maudie
 Beaumont, Mrs.
 Beaumont, Mrs. A. M.
 Beaumont, Master
 Beck, E.
 Becker, Frank
 Beebee, W. W.
 Beeman, J. R.
 Beeman, N. C.
 Beeman, R. R.
 Beeman, Mrs. S.
 Beeman, W. E.
 Begole, E. R.
 Bellis, A. G.
 Bender, Mrs. A.
 Bennett, C. C.
 Bentley, E.
 Benton, John W.
 Benton, J. W.
 Bergman, R. G.
 Bergman, Mrs.
 Berkenkotter, B. H.
 Berkenkotter, Mrs. John
 Berkin, Mrs. C. M.
 Berman, W. H.
 Berry, F. N.
 Beskid, Mrs. Carrey
 Besser, L. L.
 Bettles, Gordon
 Beusse, G. H.
 Bieganowska, Miss Casi-
 mira
 Birchall, J. R.
 Bishop, A. H.
 Bissinger, George W.
 Bissinger, Mrs. George
 Black, J.
 Blair, H. E.
 Blair, Mrs. S. G.
 Blake, E. T.
 Blanton, Vale
 Blechynden, L. de C.
 Blechynden, Mrs. L. de C.
 Blessing, Gretchen
 Blessing, L. R.
 Blythe, D. W.
 Blythe, David
 Blythe, Mrs. David
 Blythe, Richard
 Bogle, E.
 Boniface, Jane
 Boniface, Judy
 Boniface, M.
 Boniface, Rosemary
 Boniface, Mrs. Winifred
 Bonner, N. E.
 Boots, J. L.
 Boswell, Miss Eleanor
 Boswell, Daughter
 Boswell, G.
 Bousman, H. H.
 Bousman, Mrs. Hugh
 Bousman, James
 Bousman, Martha Ann
 Bousman, Tom
 Bowen, Mrs. Dmitra
 Bowen, Mrs. F. A.
 Boyce, Leila
 Boyce, Viola
 Boyd, W. G.
 Boyers, J. S.
 Bradley, Mrs. Amelia
 Bradley, John
 Bradley, N. J.
 Bradney, R.
 Bradshaw, J. W.
 Brambles, R. D.
 Brambles, Mrs. R. D.
 Bramwell, E. K.
 Bramwell, Mrs. H. L.
 Bratton, C. H.
 Brazee, Mrs. Consuelo
 Brazee, Miss Elizabeth
 Brazee, Miss Florence
 Bree, J. de
 Bree, Mrs. J. de
 Brewster, C.
 Brines, Caralie Mrs. H.
 Brines, R.
 Brines, Mrs. Russell
 Brinson, H. E.
 Brockway, A. G.
 Brockway, Mrs. Merna
 Brooks, W. L.
 Brown, B.
 Brown, Mrs. C.
 Brown, George
 Brown, H. B.
 Brown, Hugh
 Brown, Mrs. Hugh
 Brown, Mrs. M. B.
 Brown, Miss Mary
 Brown, Mrs. Nell
 Brown, Mrs. R. A., and
 children
 Brown, R. H.
 Brown, R. S.
 Brown, Mrs. R. S.
 Browning, Mrs. H. B.
 Browning, Michael
 Browning, William
 Bruce, Miss Janet
 Bruce, Miss Sally
 Bruen, D. A.
 Brune, W. C.
 Brush, J.
 Brush, Mrs. J.
 Bucher, H. H.
 Buck, H. H.
 Buck, James
 Buckburrough, Mrs. R. A.
 Bulteel, C. V. S.
 Bunje, Mrs. L.
 Bunnell, W. J.
 Bunnell, Mrs. Wilbur
 Burke, Miss Helen
 Burmeister, H. L.
 Burmeister, Mrs.
 Burn, J. B.
 Burn, J. D.
 Burn, R.
 Burns, J.
 Burnham, E.
 Burton, Mrs. F. E.
 Bush, Mrs. A.
 Bush, E. S.
 Bushman, S.
 Buss, Mrs. A. D.

- Butler, J. N.
 Butler, Mrs. J. N.
 Butler, O. R.
 Buttery, Mrs. Harriet
 Buttery, J. W.
 Buttfeld, L. F.
 Cadwallader, B. D.
 Cadwallader, Mrs. Brooke
 Cadwallader, Fred
 Cadwallader, Miss H.
 Cadwallader, Ted
 Cadwallader, Wm.
 Cadawallader, Mrs. Wm.
 Cairns, J. W.
 Cairns, Mrs. J. W.
 Caldwell, L.
 Calhoun, A. D.
 Cameron, Miss Constance
 Carey, Mrs. Adele
 Carey, Ed.
 Carey, C. V.
 Carlson, C. F.
 Carlton, Mrs.
 Carpenter, C. F.
 Carpenter, H.
 Carpenter, Thomas
 Carrero, Miss Sylvia
 Carson, A. B.
 Carson, Mrs. A. B.
 Carson, Miss Mary Virginia
 Carter, Mrs. M.
 Carter, W. L.
 Carter, Mrs. W. L.
 Casad, Miss Joan
 Casad, Mrs. Louise
 Case, H. E.
 Cassell, Mrs. M. F.
 Cates, L. C.
 Cease, F. L.
 Cecil, Robert
 Chanin, A. J.
 Chard, D. L.
 Chard, Mrs. Olga
 Charnock, Mrs. Ivy
 Charnock, Miss Kathleen
 Charnock, Miss Mavis
 Charnock, M. B.
 Charter, T. H.
 Chennery, Mrs. C. E.
 Chestnut, A.
 Christensen, Joseph
 Christenson, Mrs. Irene
 Christian, F.
 Christie, A.
 Chun, Miss W.
 Citeman, Charles R.
 Clark, Mrs. C. H.
 Clark, H. D. III
 Clark, Mrs. H. D., Jr.
 Clark, Henry
 Clark, V. V.
 Clear, Miss B.
 Clear, Miss Barbara
 Clear, C. N.
 Clear, Mrs. Ruth
 Cobb, B. E.
 Cobb, Mrs. M.
 Cogan, Mrs. E. O.
 Cogan, Miss I.
 Cohen, Miss
 Cole, George T.
 Cole, J.
 Collins, J. D.
 Collins, Mrs. D. J.
 Collins, Miss M.
 Collins, Robert Edward
 Concepcion, Mrs. Elizabeth
 Cone, H.
 Conway, J.
 Cook, Edward
 Cook, Mrs. Pauline
 Cooke, G. P.
 Cookingham, Mrs.
 Cookingham, J.
 Coote, Miss Betty
 Coote, Leonard John
 Copley, C. C.
 Cooper, Mrs. G. F.
 Copper, R. G.
 Core, Mrs. G. W.
 Core, Charles
 Core, Miss Dorothy
 Corkle, Miss Annie B.
 Corlias, F.
 Corliss, Mrs. F.
 Corliss, Daughter
 Cortes, Miss M.
 Corwin, A. O.
 Costa, F. de la
 Costa, Mrs. F. A. de la
 Covit, Bernard
 Crable, Mrs. K. M.
 Crane, C. W.
 Craw, J. S.
 Craw, J. W.
 Crawford, J. C.
 Crawford, R. A.
 Crawford, S.
 Crawford, Virginia
 Creech, H.
 Crews, R. A.
 Croisant, Everett A.
 Cromwell, R. H.
 Cronin, Mrs. Ray
 Cronin, Ray P.
 Crosby, Miss E. A.
 Crothers, J. Y.
 Crothers, Mrs. J. Y.
 Crovat, Mrs. Dorothy
 Crovat, Dorothy
 Crump, Miss Patricia
 Cullens, J. W.
 Cummings, E.
 Cunningham, J. M.
 Cunningham, N.
 Cutting, Mrs. Helen
 Dahlke, G. A.
 Dahlke, Mrs. G. A.
 Dameron, Robert
 Damrosch, L.
 Dandois, C. S., Sr.
 Dandois, C. S., Jr.
 Dandois, Lucille
 Danie, H. A.
 Daniels, J. H.
 Danner, Paul R.
 Danner, Mrs. P. R.
 Dargie, D.
 Dargies, Mrs. Mary
 da Silva, Miss Elvinia
 da Silva, Miss L. M.
 Davidson, A.
 Davis, Mrs.
 Davis, A. B.
 Davis, A. C.
 Davis, Derwin
 Davis, Miss Dorothy
 Davis, Eva Grace
 Davis, L. H.
 Davis, Mildred
 Davis, R. W.
 Davis, W. W.
 Day, K. B.
 Day, Mrs. K. B.
 Decker, L.
 De Coito, Mrs. L. V.
 De Coito, L. V.
 Dee, Mrs. M. F.
 Deihl, Mrs.
 Del Pan, H. F.
 Del Pan, Mrs. Stephanie
 Demuth, Bill
 De Prida, Mrs. Larry
 Derbyshire, Mrs.
 Derbyshire, F.
 Desborough, V.
 Detzer, L. W.
 Dewhirst, H. D.
 Dickson, K. N.
 Diehl, R. W.
 Dietz, S.
 Dodge, Mrs. L.
 Doig, L. L.
 Donnely, William
 Donnelly, Miss Elizabeth
 Doolan, R. G.
 Doolan, Mrs. Roy and son
 Douglas, R. P.
 Douglas, William
 Dow, J. Fred
 Downing, D. C.
 Doyle, Dr. J. D.
 Doyle, Mrs. J.
 Duckworth, Mrs. A.
 Duckworth, Nunny
 Duckworth, Master Peter
 Duckworth, Mrs. Rosalind
 Duckworth, S.
 Dudley, Mrs. J.
 Duff, Miss Eleanor
 Duff, Mrs. Helen
 Duff, N. A. H.
 Duggleby, A. F.
 Dungey, Arthur

- Dungey, Mrs. Arthur
 Dunton, Gerald L.
 Dyer, Phyllis
 Dyson, Mrs.
 Dyson, Miss Babs
 Dyson, Daughter
 Dyson, Son
 Dyson, W. V.
 Earl, Mrs.
 Earl, G. R.
 Earl, J.
 Earl, J. R.
 Earl, Miss Martha
 Earl, R.
 Eburn, W. G.
 Edwards, G.
 Edwards, John
 Edwards, L. B.
 Edwards, Mrs. L. B.
 Egner, C. A.
 Egner, Mrs.
 Elam, J. W.
 Elfstrom, Katharine
 Elfstrom, Lucy A.
 Elfstrom, R. J.
 Elliott, Cecil L.
 Elliott, Mrs. G. L.
 Elliott, Gail Ann
 (daughter)
 Ellis, Mrs. E.
 Ellis, E. F.
 Ellis, Mrs. F. D.
 Ellis, Miss Florence H.
 Elstner, Mrs. C.
 Elwood, J. D.
 Engel, Rene
 Ervine, Mrs. N. C.
 Etnire, Mrs. Robert
 Evans, Miss
 Evans, A. H.
 Evans, George H.
 Evans, Mrs. George
 Evans, Son
 Everest, C. W.
 Everest, R.
 Everest, R. D.
 Everest, R. I.
 Fairchild, K. C.
 Fairchild, Mrs. K. C.
 Faneuf, S. C.
 Farnes, Miss C.
 Farnes, Mrs. M.
 Farnes, W.
 Farnell, T. W.
 Farnsworth, C.
 Farnsworth, Mrs.
 Feldman, Nina
 Feldman, S.
 Feldman, Mrs. Zena
 Ferguson, R.
 Fernandez, J. J.
 Fernstrom, Mrs.
 Fitzgerald, D. S.
 Flanagan, J. M.
 Flannigan, Mrs.
 Flavin, William S.
 Fleming, J.
 Fletcher, T. H.
 Flood, Bertha P.
 Flood, Jimmy
 Flood, R. P.
 Flood, T. P.
 Fog, E. H.
 Foley, Ella
 Foley, F. G.
 Foley, Mary Alice
 Ford, Charles
 Ford, Henry
 Ford, Miss J. B.
 Ford, Miss Mary
 Forney, W. T.
 Forster, Mrs. C.
 Forster, C. H.
 Forster, Clif.
 Frampton, Mrs. A. B.
 Frampton, Miss Muriel
 Franks, C.
 Franks, Mrs. C. W.
 Frasier, Mrs. A. C.
 Frasier, Barbara
 Freeman, E.
 Freeman, Mrs. Eddie
 Freeman, J. F.
 Freeth, Mrs. L.
 Friedman, P.
 Fry, J.
 Fryers, Miss Isabel
 Fulstone, J.
 Fulston, Jerry
 Fulston, Mrs. M. A.
 Fulton, Mrs. John J.
 Furman, Ethel
 Furman, Mrs. R.
 Furman, Sallie
 Furman, Sybil
 Fuxman, C.
 Gabrielson, C.
 Gaches, S. F.
 Gaillard, J. G.
 Gallern, Mrs. W. F.
 Gallin, W. C.
 Gardner, C. D.
 Gardiner, C. A.
 Gardiner, Miss Elizabeth
 Gardiner, W. A.
 Garmezy, Sam
 Garrard, John
 Garrard, L. A.
 Garrard, Mrs. L. A.
 Garretson, Miss Alice
 Gates, Miss Barbara
 Gates, Mrs. E.
 Gates, Miss Wendy
 Gayres, Irene
 Geddes, Mrs. E. C.
 Gee, Miss Betty
 Gibbs, A. J.
 Giles, Mrs. J.
 Giles, J. C.
 Gilhouser, H.
 Gillett, B. J.
 Gilman, A. B.
 Gilmore, J. B.
 Gilmore, Mrs. J. B.
 Gisport, F. M.
 Glaiserman, Mrs. C. M.
 Glaiserman, Miss Dorothy
 Glaiserman, J. M.
 Glaiserman, J. M., Jr.
 Glen, J.
 Glen, Mrs. J.
 Gobson, Mrs. Marie
 Goldberg, L.
 Golucke, L. H.
 Goodwin, M. L.
 Gordon, M. D.
 Gordon, D.
 Gould, G. B.
 Goynes, C.
 Goynes, George A.
 Goynes, George A., Jr.
 Goynes, R.
 Grant, C. V.
 Grant, Miss Helen
 Gray, Mrs. A. T.
 Gray, Miss B.
 Gray, Miss D.
 Green, E. B.
 Greene, G. H.
 Greenfield, M.
 Greenland, Mrs.
 Greenman, G. A.
 Greenville, Alonso
 Gregg, W. B.
 Gregg, Mrs. W. B.
 Grewe, J.
 Grieve, Miss Helen
 Grieve, J. B.
 Grimes, Mrs. L. B., and
 child
 Grimm, W. E.
 Grimmant, D. H.
 Grove, Mrs. W. K.
 Groves, F.
 Groves, Mrs. F.
 Gulick, P. A.
 Gunison, R.
 Gunnels, R. L.
 Gunneson, Mrs. Royal
 Gutters, Deanna
 Haan, J. de
 Haar, S.
 Hackett, Alice
 Hackett, Mrs. John A.
 Hackett, Miss Shirley
 Hackette, Bessie
 Hagans, J. D.
 Haigh, J.
 Haigh, V. A.
 Haight, Mrs. A.
 Haight, Miss Renee
 Hails, H. F.
 Haimovitch
 Hale, F. H.
 Haley, C. A.
 Hall, Norman S.
 Hamara, A.
 Hamblin, Mrs. D. C.
 Hamilton, C. A.
 Hamilton, S.
 Hamilton, Son

Hamilton, Mrs. S. W.
 Hamm, Mrs. W. F.
 Hammon, H. L.
 Hammond, A. M.
 Hampton, James A.
 Hancock, Mrs.
 Hannings, Carl
 Hannings, Mrs. Gladys
 Neale
 Hansen, M. G.
 Hansen, Mrs. Vicki Grieve
 Hanson, E. J.
 Hanson, Mrs. Kenneth
 Hard, H. W.
 Hard, Mrs. H. W.
 Hardcastle, C. O.
 Harmon, K. E.
 Harper, E. K.
 Harper, Mrs. C. B.
 Harrell, R. M.
 Harrell, Mrs.
 Harria, W. W.
 Harris, Mrs. A. G. H.
 Harris, Mrs. E.
 Harris, Miss R.
 Harrison, P. F.
 Hart, Irving
 Hart, J. C.
 Hart, W. W.
 Hasdorff, Chas. C.
 Haughwout, Mrs. F. L.
 Haven, L. O.
 Hawthorne, F. W.
 Hazzard, E. W.
 Hazzard, Joan
 Hazzard, Mrs. Lillian
 Hazzard, Susanne (child)
 Headington, John L.
 Hearnden, J.
 Hearnden, Mrs. Phyllis
 Hebel, Walter
 Hedrick, Miss H.
 Heesch, H.
 Heise, Mabel June
 Hellmers, Mrs. Gladys
 Hellmers, H. G.
 Henderson, B. C.
 Henderson, Mrs. B. C.
 Henderson, Mrs. G.
 Henning, John
 Hernden, Mrs. Alice
 Herndon, R. F.
 Herridge, Mrs.
 Herridge, J. R.
 Hertel, R.
 Hess, Carl
 Heyward, A. S.
 Hezzelwood, Miss Mary
 Hezzelwood, Mrs.
 High, Mrs. G.
 High, Miss May V.
 High, Patricia
 Hileman, A. D.
 Hill, Mrs. A. J.
 Hill, Miss Blaine
 Hill, Mrs. Diana
 Hill, Mrs. M. E.
 Hill, Mrs. Robert
 Hill, R. G.
 Hinsche, O.
 Hodges, Mrs. A. I.
 Hodgson, F. X.
 Hoey, R.
 Hoey, Mrs. Ruth
 Hoffman, Mrs. E. G.
 Hoffman, Miss Margaret
 Hoffman, Mrs. W. J.
 Hoffman, Wm.
 Hoffman, Wm., Sr.
 Hoffman, Mrs. Winifred
 Hoffmaster, C.
 Hogarth, A.
 Hokanson, M.
 Hokanson, Mrs.
 Holden, W. F.
 Holland, A. E.
 Holloway, G. I.
 Holloway, Mrs. Miriam
 Holmes, Miss
 Holmes, H.
 Holmes, Ruth
 Holt, Bridget
 Holzer, C. C.
 Honigsberg, Mrs. M.
 Hooper, E. S.
 Hooper, Mrs. E. S.
 Hooper, G.
 Hooper, Ruth Williams
 Hoover, Mrs. R. J.
 Hoover, Mrs. W.
 Hoover, W. S.
 Horley, Miss Cissy
 Horridge, G. R.
 Horton, J.
 Housman, L. M.
 Howard, Mrs. A. S.
 Howard, S.
 Howard, Mrs. Sam
 Howells, J. W.
 Howie, James
 Hoy, Miss Rosemarie
 Hoyt, Miss Eva
 Hubbard, R. H.
 Hubbard, Mrs., and 3
 children
 Huggins, Miss
 Hughes, Eleanor
 Hughes, J. C.
 Hughes, J. L.
 Hull, E. M.
 Hulme, E.
 Hume, W. M.
 Hume, Mrs. Wilson
 Humphreys, J.
 Humphreys, R.
 Humphries, Ruth
 Hunt, A. J.
 Hunt, D'Arcy
 Hunter, Mrs. J.
 Hunter, Michael
 Hunter, Peter
 Huppman, J. M.
 Hurst, William
 Hutchinson, D. D.
 Hyde, Allan
 Hyde, Gordon
 Hyde, Mrs. W.
 Hynes, C. S.
 Hynes, Mrs. C. S.
 Iddlings, P. L.
 Isaacs, Miss Gloria
 Ivory, G. M.
 Jacks, Mrs. B. C.
 Jacks, Miss Mattie Lee
 Jacobs, Ann
 Jacobs, Mrs. A. B.
 Jacobs, Jean
 Jamieson, S.
 Janda, R.
 Janda, Mrs. Robert
 Japson, L. B.
 Jaques, S. H.
 Jay, J. L.
 Jeavons, Mrs. F.
 Jeavons, Mrs. P.
 Jeavons, Master Ronald
 Jefferson, F. C.
 Jefferson, Mrs. Frank C.
 Jefferson, Julianne
 Jensen, W. E.
 Jepson, Mrs. Constance
 Jepson, Miss Margaret
 Ann
 Johnsen, Jack
 John, Miss
 John, Mrs.
 John, Miss Betty
 John, Miss Helen
 Johnson, A. B.
 Johnson, C. W.
 Johnson, F. A.
 Johnson, Mrs. Teresa
 Johnson, W. E.
 Johnstone, J. S.
 Jones, B. E.
 Jones, Mrs. M.
 Jones, R. B.
 Jones, W. H.
 Jordan, Mrs. K.
 Jordan, W. M.
 Judge, Mrs. J.
 Judson, Miss M.
 Juillot, J.
 Jurgensen, A. J.
 Jurgensen, Mrs. A. J.
 Kallman, George
 Karrer, Arnold
 Karrer, Mrs. Arnold
 Kastner, Philip
 Katz, Miss A.
 Katz, Miss F.
 Kay, A. T.
 Kearer, Arnold
 Keaton, M. R.
 Keiffer, D. R.
 Keiser, Margie
 Kelly, H. M.
 Kelly, R. K.
 Kennan, Clement T.
 Kenney, J. T.
 Kerns, Karon

Kerns, Mrs. Bryan
 Kerr, Miss Marjorie
 Ketchum, Mrs. Gladys
 Kidder
 Kidder, S. L.
 Kiene, C. K.
 Kiene, Mrs. E.
 Kingsbury, S. C.
 Kleinpell, R. M.
 Kleyn, Mrs. Heliose
 Kline, Mrs. Olive
 Kneedler, Mrs. E. D.
 Kneedler, H.
 Knight, Mrs. L.
 Knight, T.
 Knight, Mrs. T. and son
 Knox, D.
 Knox, Mrs. S.
 Kohly, Mrs. R. S.
 Koontz, Lloyd E.
 Kops, Charles
 Kops, Paul
 Kops, Mrs. Paul
 Koster, G.
 Kostrazak, P. R.
 Krause, W. O.
 Kreiselman, B.
 Kretzer, D. C.
 Krogstad, Miss Edna
 Kyblus, R.
 Lacey, William
 Lacy, Merrel
 Ladd, E. W.
 Ladow, A.
 La Fouge, E.
 Laing, E. C.
 Laing, Mrs. Mercedes
 Laing, R. I.
 Laing, R. L.
 Laloë, Mrs. C.
 Lambeth, G.
 Lappin, L. E.
 Laringe, Ernest W.
 Larsen, C.
 Larson
 Larson, Jane
 Larson, Mrs. R. L.
 Laurie-Smith, Mrs. Marie
 and 2 children
 Lautzenheiser, Elizabeth
 Lautzenhiser, Mrs. Ma-
 mie
 Lautzenheiser, O. E.
 Lautzenheiser, R. P.
 Law, G. R.
 Lawry, G.
 Lawton, E. E.
 Lawton, H.
 Lawton, Mrs. Herbert
 Laycock, B. B.
 Laycock, W.
 Leach, C. N.
 Leary, J. T.
 Lee, Mrs. C.
 Lee, V. M.
 Leeke, B. G.
 Legg, J.
 Lehman, S.
 Leighton, Miss Ethel P.
 Leith, H.
 Leith, Mrs. Mary
 Lennon, Miss H.
 Leslie, Mrs. and 2 sons
 Leslie, H. N.
 Leslie, W. A.
 Lester, A. H.
 Lester, Miss Barbara
 Lester, Geoffrey
 Lester, Mrs. L.
 Levy, Mrs. Bona C.
 Levy, David
 Lewis, Ann
 Lewis, C. M.
 Lewis, Grace
 Lewis, Juanita
 Lewis, Robert
 Leyerley, R.
 Liddell, P. F.
 Ligertwood, C.
 Lile, Mrs.
 Lile, R. L.
 Lincoln, A.
 Lind, N. I.
 Linder, C.
 Livingston, Mrs.
 Livingston, C. C.
 Lloyd, Mrs. and 2 chil-
 dren
 Locke, J. C.
 Lockhart, Mrs. Mae
 Logan, G. L.
 Long, Miss Frances
 Long, Samuel H.
 Louis, G. J.
 Lovatt, G. F.
 Loving, Mrs. Edith
 Loving, W. H.
 Loynes, W. C.
 Luckie, Mrs. A.
 Luckman, Miss Elsie
 Lucho, Master B.
 Luehe, Mrs. E. A.
 Luhrsen, F. L.
 Luna, Miss
 Lusk, F.
 Lynch, Miss Phyllis
 Lynn, Craven
 Lyttel, Ethel
 Lyttle, Mrs. Consuelo
 Lyttle, Erna
 Lyttle, Gerald
 Lyttle, R. G.
 Lyttle, Walter
 Macadie, Mrs.
 MacDonald, J. H.
 MacDonald, R. K.
 MacGavin, W.
 MacGregor, J. A.
 MacIntyre, Miss Nora
 MacIntyre, R.
 MacLaren, W. H.
 MacLennan, D. O.
 MacLeod, A. M.
 MacMaster, J. D.
 MacTurk, D. H.
 Madill, Mrs. K.
 Mahoney, J. C.
 Mahoney, Mrs. J. C.
 Makepeace, Lloyd
 Malcolm, J.
 Malkinson, S. C.
 Malone, Mrs. C. E.
 Malone, Master D.
 Malone, Miss E.
 Malone, Mrs. Paul
 Mangels, Miss Margaret
 Mangels, Miss Nieves
 Mangels, Mrs. Nieves
 Mann, Mrs. J. C.
 Manser, D. L.
 Marcuson, P.
 Marsh, E. L.
 Marsh, L.
 Martin, Mrs.
 Martin, Mrs. C.
 Martin, F. G.
 Martin, J. M.
 Marx, H. J.
 Marx, Mrs. H. J. and two
 children
 Mason, Katherine Jane
 Mason, L. W.
 Mather, W. G.
 Mathews, Mrs. A. H.
 Mathews, A. R.
 Mathews, Miss Clío
 Mathews, Nick
 Mathews, P. B.
 Matthews, A. H.
 Maxe, W. E.
 May, Mrs. Doris
 May, Miss J. H.
 May, Miss Joan
 Mayger, William
 Maynard, Mrs.
 McAlister, Miss
 McAlpine, Mrs. Elizabeth
 McAlpine, Miss Margaret
 McAnlis, J. A.
 McCalister, J.
 McCall, James
 McCallum, Miss A. M.
 McCandlish, W. F.
 McCann, D. E.
 McCarthy, George
 McCarthy, Miss Mariam
 McCord, J.
 McDonald, Miss
 McGarity, H. C.
 McGinley, R. J.
 McGinley, Mrs. R. J. and
 two children
 McGinnes, T.
 McGrath, Dick
 McGrath, R. V.
 McGrath, Mrs. R. V.
 McGrath, Stephanie
 McGrew, K.
 McIntosh, A. J.
 McKeehan, O. E.
 McKenney, Warren

- McKeown, Hugh
 McKinley, A. H.
 McKinney, Mrs. E. J.
 McKinney, Josephine
 McKinney, L. N.
 McKinney, Thomas
 McKinney, Virginia
 McKinney, William
 McLaughlin, R. H.
 McLea, H. J. G.
 McLean, T.
 McLorn, Mrs. G. F. C.
 McLoughlin, Mrs.
 McMillen, Miss
 McNair, Mrs. J. H.
 Meadows, H.
 Meagher, U. J.
 Meagher, Mrs. V. J.
 Merchant, E. S. D.
 Meredith, Mrs. A. C.
 Meredith, Guy
 Meredith, Philip
 Merriam, R. T.
 Merritt, Frank
 Merritt, Miss Jean
 Merritt, Mrs. Mary
 Metz, Mrs. C.
 Meyer, Gus
 Meyers, Mrs. Rollin G.
 Michie, C.
 Middleton, A. E.
 Middleton, Mrs. C. L.
 Middleton, Miss. J.
 Middleton, Miss M.
 Miles, Mrs. F. C.
 Miley, W. J.
 Miller, Mrs. G. C.
 Mills, M. B.
 Mills, Miss Maria Mercedes
 Mills, Mrs. Ray
 Millward, S. J.
 Milne, George
 Milton, J. E.
 Mirams, Anthony
 Miravalle, A.
 Mladinich, Mrs. Ruth
 Moorhouse, J. S.
 Moran, Larry
 Morley, H.
 Morrisey, L. F.
 Morrison, R. A.
 Morrow, M. D.
 Mortlook, F. O.
 Morton, Miss A.
 Morton, Miss H.
 Morton, Mrs. R. C.
 Moss, Mrs. G.
 Moss, J. E.
 Moyers, Mrs. John
 Mulcahy, F. B.
 Murphy, Helen
 Murray, Mrs. E
 Murray, Miss Pat
 Murray, W. E.
 Murrey, Charles
 Musry, A.
- Musser, B.
 Mydanas, C. Mydans
 Mydans, Mrs. Carl
 Myers, R. G.
 Nabors, Mrs. S.
 Nabors, William Sidney
 Naftaly, H. A.
 Naftaly, Miss Lilly
 Naftlay, Miss Nancy
 Najers, Jose A.
 Nantz, Mrs. L. E.
 Neale, Mrs. Edith
 Neale, Miss Hilda
 Necker, E. J.
 Necker, Mrs. E. J.
 Nelson, Miss
 Nenbauer, P. B.
 Nestle, Mrs. M.
 Netzorg, M. I.
 Neubauer, Mrs. Paul
 Newcomb, Walter
 Newman, Mrs. Ethel
 Newsom, Mrs. J. H.
 Newsome, P. N.
 Newson, C. C.
 Nichols, Norman
 Nicol, A. L.
 Nicol, Mrs. Arthur
 Nicol, Miss Celeste
 Nicol, Charles
 Nicol, Miss Jacqueline
 Nicolson, J.
 Nihill, Mrs.
 Noble, F. H.
 Nokes, Wilbur C.
 Nolting, E. L.
 Nolting, Mrs. E. L.
 Nunt, P. O.
 O'Brien, Mrs. F.
 O'Brien, F. S.
 O'Brien, J.
 O'Brien, J. W.
 O'Brien, Mrs. Seldon
 O'Brien, Son
 O'Brien, S. W.
 Obst, T. J.
 O'Hara, T.
 Ohnick, Mrs. B.
 Ohnick, Ben
 O'Neill, C. J.
 Osborn, J. W.
 Osborn, Miss Ophelia
 Oster, Miss Ethel
 Oswald, J. H. (Judge)
 O'Toole, J.
 Owen, J. G.
 Owen, Mrs. J. G.
 Owen, O. R.
 Oxnam, Mrs. G.
 Pacheco, M. A.
 Paddon, Mrs. Lucy
 Paddon, Son
 Parker, H. V.
 Parker, Mrs. R. L.
 Parker, Ray L.
 Parker, W. C.
 Parker, Mrs. Wilbur C.
- Parkinson, G. V.
 Parkinson, Mrs. G. V.
 Parsons, G. A.
 Parsons, N. George
 Paterson, Miss M. D.
 Patey, W. B.
 Patterson, J.
 Patterson, W. H.
 Paterson, Mrs. W. H.
 Pauley, Charles
 Payne, Miss Audrey
 Payne, Mrs. M.
 Peacock, C. B.
 Pearson, C. L.
 Pearce, Ronny
 Pedder, G. H.
 Peek, E. R.
 Penn, William I.
 Penny, H. R.
 Perkins, Charles
 Perkins, Mrs. Charles H.
 Perkins, W. R.
 Perrine, J. F.
 Perry, L.
 Perton, Mrs. R. H.
 Peters, Miss C.
 Peters, Mrs. E.
 Peters, F.
 Petersen, J. S.
 Peterson, Mrs. J. S.
 Petterson, K. O.
 Philip, Mrs. G. A.
 Philip, George A.
 Phillips, H. L.
 Phillips, Mrs. W. H.
 Picard, F. L.
 Pickup, Mrs. Hedda
 Pickup, M. H.
 Piery, A.
 Pinel, Mrs. D. R.
 Pinkerton, S. C.
 Pinkerton, Mrs. S. C.
 Pollard, A.
 Pollock, Barbara
 Pollock, Mrs. Ivy
 Pollock, M.
 Pollock, Muriel
 Porrello, P.
 Powell, Riva
 Pratt, Miss Paula
 Preston, Mrs. Marie
 Preston, W. D.
 Prichard, R. A.
 Prill, William
 Prising, F. W.
 Prismal, Mrs. E.
 Prismal, Master Robin
 Prismall, A.
 Pritchett, H. G.
 Proudfoot, A.
 Prout, J. O.
 Purington, J. R.
 Purinton, Mrs. J. F.
 Purkiss, G. G.
 Purnell, Mrs. J. F.
 Putney, H. B.
 Quinn, B. A.

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| Ramsey, Miss | Salet, H. W. | Smith, H. G. |
| Rand, Miss Grace | Salet, Jean | Smith, Harry J. |
| Ransom, W. F. | Salet, Mrs. H. N. | Smith, J. A. G. L. |
| Ransome, Lance | Salet, Philip | Smith, Mrs. L. E. |
| Ransome, Mrs. W. F. | Samara, E. | Smith, Mrs. L. M. |
| Rasavet, Miss D. | Samara, S. C. | Smith, P. L. |
| Reese, J. M. | Sampson, J. S. | Smith, R. E. |
| Reich, H. L. | Sands, Mrs. Martin | Smith, S. L. |
| Reiter, J. E. | Sanford, R. M. | Smith, Mrs. T. |
| Renolds, John | Sanford, Mrs. R. M. | Smith, Willard |
| Resse, Mrs. | Satterfield, F. M. | Snow, G. |
| Rhudie, O. | Saunders, Frank | Snyder, G. |
| Rhudie, Mrs. O. P. | Saunders, Mrs. Frank | Snyder, Mrs. Lucile |
| Rice, C. E. | Saunders, Miss Norma | Sotele, F. J. |
| Rice, Mrs. Clara | Saunders, Frank, Jr. | Southerton, Mrs. |
| Rice, F. E. | Schafer, David | Southerton, Master Bobby |
| Rice, Mrs. Peggy | Schafer, Mrs. P. A. | Spear |
| Richards, Mrs. | Schafer, Paul | Speir, Mrs. M. |
| Richards, T. | Schell, A. W. | Speir, Patrick |
| Riches, T. B. | Schier, Mrs. | Speir, Thomas |
| Ridley, J. E. | Schell, Mrs. A. W. | Speirs, Jack |
| Riley, H. D. | Schofer, Paul A. | Spencer, Beverly |
| Rimmer, W. G. | Scheameck, E. A. | Spencer, Mrs. R. N. |
| Rimmer, Mrs. W. G. | Schrameck, Mrs. | Spencer, R. W. |
| Ritter, Miss Velma | Schrameck, E. A. | Spering, I. G. |
| Ritter, G. S. | Schrameck, Miss Queenie | Spering, Mrs. I. G. |
| Rizzuti, C. | Schreiber, J. R. | Sperry, H. M. |
| Roberts, Mrs. T. A. | Schultz, A. | Sperry, Mrs. H. M. |
| Robertson, H. L. | Schultz, Carmen | Sperry, H. M. |
| Robinson, Miss E. | Schultz, J. R. | Stacey, Mrs. G. H. |
| Robinson, G. | Schultz, Pacita | Stagner, R. C. |
| Robinson, Mrs. G. W. | Schwartz, Miss Ann Berle | Stamfield |
| Robinson, G. W. | Schwartz, A. S. | Stapff, Mrs. Eva |
| Robinson, H. | Schwartz, Mrs. A. S. | Stapff, M. |
| Robinson, H. L. | Schworer, D. | Stapler, Miss J. |
| Robinson, Jean | Schofield, Donald E. | Stapler, J. B. |
| Robinson, J. P. | Scott, D. A. | Stapler, Mrs. J. B. |
| Robinson, Roberta | Scott, Miss | Staples, E. W. |
| Rocke, Mrs. L. | Scott, Mrs. George | Steel, J. L. |
| Rocke, R. M. | Seals, Miss Margaret | Steen, Oscar |
| Rodgers, L. | Searl, Janet | Sternberg, G. M. |
| Rodgers, T. J. | Sechrist, David | Stevens, Miss Elizabeth |
| Roehr, O. C. | Sechrist, Harold | Stevens, Mrs. L. R. |
| Roehr, Mrs. O. C. | Sechrist, Mrs. Harold | Stevens, O. B. |
| Rogers, Evelyn | Seitz, C. L. | Stevens, T. |
| Rogers, Joselyn | Selph, E. | Stewart, C. E. |
| Roka, Miss T. | Seman, F. | Stirni, J. W. |
| Romfren, | Shaw, Mrs. | Stirni, Mrs. J. W. |
| Rompen, Mrs. M. | Shaw, J. R. | Stokes, H. M. |
| Rontinson, T. | Sheoney, P. | Stone, Mrs. E. |
| Rosa, A. H. La | Sherk, David | Stone, Imogene |
| Rosenbaum, Rose | Sherk, Mrs. P. H. | Stonham, Mrs. W. J. |
| Rosenstock, Mrs. Ada May | Shoemaker, A. W. | Stratton, J. G. L. |
| Rosenstock, G. W. | Shrader, F. B. | Straub, R. E. |
| Roseveare, Mrs. R. E. | Shurdut, J. M. | Strong, H. E. |
| Ross, Miss Lillian | Sigler, Mrs. C. O. | Strong, R. M. |
| Royston, J. | Sigler, son | Stuart, James D. |
| Ruiz, O. H. | Sigler, son | Stuart, L. |
| Runyon, R. E. | Simmons, R. L. | Stumpf, William |
| Rurka, S. | Simonson, Fred | Sturm, S. M. |
| Rushiton, G. | Small, W. V. | Struth, James B. |
| Rushiton, Mrs. Violet | Smiley, R. R. | Sudhoff, R. G. |
| Russell, R. K. | Smith, A. C. | Symons, J. |
| Rutler, Mrs. | Smith, Bruce M. | Snyder, G. |
| Safine, Esther A. | Smith, Mrs. C. | Tait, S. |
| Sage, Mrs. Katherine M. | Smith, C. R. | Tait, Mrs. Stewart |
| Salet, Betty | Smith, | Taylor, Miss Betsey |

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|---|---------------------------------------|---------------------------|
| Taylor, M. B. | Wagelie, G. A. | Wilder, Mrs. K. |
| Terrell, T. S. | Waldo, W. | Wilkinson, Mrs. L. M. |
| Terry, J. E. | Waldo, Mrs. W. C. | Wilkinson, Mary June |
| Thomas, Betty | Walford, H. | Wilkinson, Rupert Hugh |
| Thomas, Ellen | Walford, Mrs. H. | Willard, R. D. |
| Thomas, Fred | Walker, A. F. | Willborn, Mrs. Elizabeth |
| Thomas, G. | Walker, Miss Barbara | Williams, A. D. |
| Thomas, Mrs. J. A. | Wallace, Mrs. A. C. | Williams, H. T. |
| Thomas, Joe | Walshram, Miss A. | Williams, J. |
| Thomas, R. | Walshram, Mrs. N. | Williams, J. J. |
| Thomas, Mrs. R. D. | Walter, Mrs. K. | Williams, T. E. |
| Thompson, Elizabeth S. | Walton, Miss Patricia | Williamson, Mrs. |
| Thompson, Frank | Ward, W. V. | Willson, Wallace P. |
| Thompson, Mrs. G. E. | Wareham, J. M. | Wilson, Daughter |
| Thompson, Mrs. Pauline | Waterstradt, A. E. | Wilson, Ed. |
| Thompson, R. E. | Waterstradt, Mrs. A. E. | Wilson, E. T. |
| Thompson, R. J. | Wathen, J. D. | Wilson, Mrs. E. T. |
| Thompson, Mrs. V. and 2 children. | Webb, William B. | Wilson, F. G. |
| Tibbetts, Miss Marie | Webster, M. A. | Wilson, H. N. |
| Tilling, M. | Weeks, H. | Wilson, Mrs. H. R. |
| Tinling, Don | Weinburg, Mrs. | Wilson, I. T. |
| Todd, Mrs. C. | Weinburg, Samuel | Wilson, J. S. |
| Tolman, Mrs. Haidee | Weinzheimer, C. L. | Windle, W. |
| Tolman, Mrs. T. B. | Weiser, Mrs. L. J. | Winiker, Mrs. D. B. |
| Tolman, T. B. | Weiss, M. C. | Winiker, Niece |
| Tomkins, Master E. | Welbeseheck | Winn, Mrs. Ethel |
| Tomkins, Miss E. M. | Welch, C. R. | Winshix, S. D. |
| Tomkins, Miss H. O. | Wellborn, W. A. | Wishard, Mrs. G. P. |
| Tomkins, Mrs. I. | Wendt, Mrs. H. | Wolfram, Mrs. C. |
| Tootle, Mrs. M. | Wenetzki, C. E. | Wolfgram, H. |
| Towne, W. J. | West, Mrs. A. P. | Wood, Mrs. |
| Trebilcot, M. N. | West, Jeannette | Wood, W. C. |
| Trebilcot, Mrs. M. N. | Weston, Mrs. G. M. | Wooding, W. |
| Treash, R. H. | Wetmore, F. | Wooten, Miss Madeleine |
| Tremper, L. | Wheeler, G. A. | Workman, Mrs. |
| Trevor, W. W. | Whishard, G. | Workman, Dorris |
| Tuplin, Ellesworth | Whitacre, Dr. | Workman, George W. |
| Turnbull, Miss | Whitacre, F. J. | Workman, Helen |
| Turner, Miss | Whitacre, Mrs. H. and two children | Workman, Lillian |
| Turner, E. S. | Whitacre, W. G. | Workman, Mildred |
| Turner, Mrs. Stan | Whitaker, Mrs. Evelyn | Worthington, Mrs. Anne S. |
| Turner, W. | Whitaker, J. A. | Wotherspoon, N. S. |
| Tuten, D. | Whitaker, Miss Margaret | Wrinch, Mrs. E. |
| Tyre, Mrs. | Whitaker, Miss Betty | Wrinch, Master P. |
| Updyke, Mrs. | White, G. | Wrinch, Master T. |
| Updyke, G. A. | White, Mrs. J. D. | Wright, A. |
| Vanderplas, P. | Whitehead, G. | Wright, T. H. |
| Vansickle, C. E. | Whiteneck, Mrs. Fred | Wycoff, O. C. |
| Vansickle, Mrs. C. E. | Whiteneck, Karen | Wynne, Miss |
| Vergunia, Mrs. Mary | Whiteneck, L. L. | Yankey, W. R. |
| Viller, C. H. | Whiteneck, Mrs. L. L. | Yankey, Mrs. William |
| Vincent, Mrs. | Whiteneck, Laurie | Yarborough, Mrs. H. E. |
| Vlasate, A. B. | Whitfield, Mrs. N. C. | Yard, L. H. |
| Vlasate, Mrs. Anthony | Wightman, E. H. | Young, Carlos |
| Von Stetton, S. K. W. | Wightman, E. J. | Young, W. H. |
| Wabraushak, Mrs. R. A. and 2 children. | Wightman, G. A. | Youngberg, Mrs. S. |
| | Wightman, Mrs. John | Youngberg, Stanton, Dr. |
| | | Younger, W. C. |
| | | Zamudio, A. T. |

APPENDIX U

STATEMENT RESPECTING COMMUNICATION WITH PERSONS IN OCCUPIED AREAS OF THE PHILIPPINE ISLANDS

(Prepared by Philip E. Ryan, Assistant Director, Insular and Foreign
Operations, American Red Cross)

Attempts to establish communication with persons in occupied areas of the Philippines have not up to the present time been successful. A few reports have come through diplomatic channels, but the Swiss are not in a position to maintain an inquiry or message service. Inquiries about persons thought to be in the Philippines are accepted by American Red Cross chapters and referred to the International Red Cross Committee, but reports on such inquiries, begun in January, have been extremely few.

Postal communication with enemy-occupied territory was suspended upon the outbreak of war, but two methods of communication remain possible under the provisions of censorship. Brief personal messages on forms available at American Red Cross chapters may be sent to persons, whether thought to be interned or not, through the International Red Cross Committee. It is not yet known that any of these messages have been delivered in the Philippines, although they have been sent to Geneva since January. The second method of communication, "prisoners of war mail," may later be possible. When persons have been definitely identified as internees or prisoners of war, letters may be sent to them postage free, through regular postal channels, without reference to the American Red Cross. So far the Japanese have not submitted to our Government any official lists of internees or prisoners of war in the Philippines.

WASHINGTON, *May 26, 1942.*

APPENDIX V

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
August 12, 1942.

GENERAL RULING No. 10-A UNDER EXECUTIVE ORDER No. 8389, AS AMENDED, EXECUTIVE ORDER No. 9193, SECTIONS 3 (a) AND 5 (b) OF THE TRADING WITH THE ENEMY ACT, AS AMENDED BY THE FIRST WAR POWERS ACT, 1941, RELATING TO FOREIGN FUNDS CONTROL

(1) Unless authorized by a license expressly referring to this general ruling:

(a) No Philippine company shall make any payment, or perform any covenant, duty, condition, or service within the United States on, or with respect to, any direct or indirect obligation or security of, or claim against, such company.

(b) No person shall exercise within the United States any right, remedy, power, or privilege with respect to, or directly or indirectly arising out of or in connection with, any obligation or security of, or claim against, any Philippine company, including any right, remedy, power, or privilege with respect to any guaranty, covenant, or agreement that such Philippine company will perform any covenant, duty, condition, or service.

(2) Unless otherwise provided, an appropriate license or other authorization issued by the Secretary of the Treasury shall remove all the restrictions, disabilities, and other limitations imposed by this general ruling to the same extent as such restrictions, disabilities, and other limitations have been imposed by this general ruling.

(3) This general ruling shall not be deemed to prohibit or otherwise restrict the ordinary purchase, sale, transfer, pledge, or hypothecation of, or similar dealing in, securities which are issued by, or the obligation of, any Philippine company or to prohibit or restrict transactions incidental thereto.

(4) As used in this general ruling, the term "Philippine company" shall mean—

(a) Any partnership, association, corporation, or other organization organized under the laws of the Philippine Islands and which prior to January 1, 1942, derived its principal income from the Philippine Islands;

(b) Any sole proprietorship which prior to January 1, 1942, derived its principal income from, and was primarily engaged in business in, the Philippine Islands; and

(c) Any agent, trustee, transfer, or paying agent, or other representative of or for any Philippine company to the extent that it acts as such.

RANDOLPH PAUL,
Acting Secretary of the Treasury.

APPENDIX W

TREASURY DEPARTMENT,
Washington.

[Press Service, No. 32-83]

For immediate release, Wednesday, August 12, 1942.

The Treasury Department today announced a moratorium on obligations of Philippine companies held in the United States. This moratorium does not apply to the obligations of the Philippine government.

Pursuant to General Ruling No. 10-A issued today under Presidential freezing orders, no Philippine company may make any payment in this country on its obligations and no person may enforce in the United States any claim or obligation against a Philippine company. Such payments can be made and such claims can be enforced only if a Foreign Funds Control license is first obtained.

Treasury officials stated that today's action was intended to make it clear that the assets in the United States of Philippine companies were fully frozen so that the interests of all the parties involved could be fully and properly protected. It was pointed out that some of these Philippine companies had assets in the Philippines worth many millions of dollars before the war and only a relatively small amount of funded indebtedness. The companies do not have assets in the United States at this time to meet maturing obligations and since no one knows or could know the present condition or value of property in the Philippines, it is, at the present time, impossible to deal fairly with the respective rights of stockholders, bondholders, and other creditors. Under today's ruling the situation will be frozen until it is possible to ascertain the facts.

It was pointed out by Treasury representatives that Philippine companies would not be permitted to use today's ruling to avoid paying their obligations in any case where funds were available and such payments could be made on an equitable basis. In such cases the Treasury will license payments upon appropriate application by interested parties.

Moreover, the Treasury expects Philippine companies to furnish their creditors upon demand with information concerning their present ability to pay their obligations. Any failure to furnish such information will be dealt with appropriately by the Treasury.

